DublinAirport

2026 Determination on Airport Charges at Dublin Airport: Issues Paper Response

Stakeholder Consultation

3 October 2025

*Confidential

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Introduction

Dublin Airport's submission to the Irish Aviation Authority's (IAA) 2026 Charges Determination Consultation outlines a comprehensive response to the evolving regulatory, economic, and operational landscape. The airport seeks to ensure that the next regulatory period supports its strategic objectives, enables infrastructure delivery, and maintains financial viability in the face of significant global and domestic challenges, ultimately ensuring good outcomes for passengers. This submission calls for a more flexible, transparent, and outcome-focused regulatory framework that aligns with Ireland's national interests and the needs of current and future airport users.

Overview of economic and geopolitical climate

Notwithstanding Dublin Airport's rebound post pandemic, the future backdrop poses a number of significant uncertainties. Geopolitical conflicts across Ukraine and the Middle East have had an acute impact on the global aviation industry, including flight schedules, fuel supplies and prices, and overall passenger demand. These conflicts' persistence remains a downside risk that the aviation industry faces and in turn a possible factor that could reduce passenger numbers for Dublin Airport.

US macroeconomic policy including the imposition of tariffs on various nations as well as goods and services, has increased uncertainty and risk. Tariffs on aircraft can accentuate global aircraft supply shortages as well as introduce additional frictions in an already strained supply chain. These direct effects are additional to the indirect effects of lower economic growth on passenger volumes.

At a domestic level the presence of planning restrictions and a slow and lengthy approval process, as the IAA also highlights in 1.12 of their Issues Paper *'The major capacity enhancing and passenger experience-related projects are currently held up in the planning permission process'*, poses additional hurdles in Dublin Airport's ability to grow its traffic and meet the needs of future airport users by stunting its ability to increase infrastructural capacity. The outcome of these currently challenged caps and infrastructure projects can be traced back to the legislative and planning process, respectively.

The global macroeconomic, political, and domestic legislative climate pose serious supply constraints within in the aviation industry that can have subsequent adverse impacts on passenger numbers at Dublin Airport as well as on the other building blocks. More regulatory flexibility may have to be provided to Dublin Airport to be able to weather these uncertainties, to ensure it is able to remain financeable, and provide outcomes in the best interests of passengers.

Key Considerations as part of the 2026 Determination

Dublin Airport is capacity constrained and will remain so for the Determination timeline. This will impact demand, facilitation and ultimately passenger experience**.** To continue to deliver the optimal passenger experience and continued improvements we require an appropriate charges settlement

as part of the 2026 IAA Determination. This should include but not be limited to four key regulatory changes:

1. **Revise the Service Quality Metrics:** Incentivise a better performance in the overall passenger experience, streamlining security and minimising disruptions.
2. **Broaden the application of the Opex Uncertainty Mechanism.**
3. **Introducing an additional Capex trigger phase.**
4. **Updating debt cost estimation to reflect current market conditions.**

At a granular building block level Dublin Airport suggests that following should be considered:

TABLE 1 DUBLIN AIRPORT'S PROPOSED APPROACH

Building Block	Dublin Airport's Proposed Approach
Passenger Forecast	• Consideration for how infrastructure constraints and planning conditions are treated. This will need to be assessed above the forecast demand model. • Blended and multivariate models that better reflect economic realities and planning constraints.
Operating Expenditure	• Using a Top-Down impartial assessment to further substantiate a detailed Bottom-up analysis. • Forecasting security resources on an n+1 lane basis and incorporating a 5% workforce buffer to ensure operational resilience. • Incorporating evolving safety regulations and sustainability obligations into the opex cost passthrough mechanism.
Commercial Revenue	• Brexit-related retail gains and temporary car park supply constraints are key considerations in forecasting. • Fast Track and US Preclearance should fully become/remain commercial charges, not aeronautical, to avoid regulatory distortion and maintain competitive neutrality.
Cost of Capital	• The WACC methodology must reflect post-pandemic market volatility and elevated interest rates. • Full funding of embedded debt costs, appropriate benchmarking of cost of equity, and the use of short-term averaging for risk-free rate and new debt cost estimation.
Capital Expenditure	• Refinements to the StageGate process to ensure appropriate Irish cost evaluation context applied. • A third trigger for early design and planning cost recovery. • Flexibility in grouped allowances.
Financial Viability	• At a minimum maintaining a BBB+ credit rating, supported by multifactorial sensitivity analysis that recognises likely forecasting error and payment of dividends to the shareholder (as per daa's Shareholder Expectation Letter).

Building Block	Dublin Airport's Proposed Approach
Service Quality	• Revising bonus structures, improving security queue time measurement, aligning asset and baggage metrics, maintaining ambitious standards for Passengers with Reduced Mobility (PRM) services and driving a passenger-centric focus across all operations.

With the regulatory framework for airport charges well established, we must now have the spirit, and drive to act when the economic interests of Ireland demand it. This can only be achieved through:

- Focusing on providing a best-in-class passenger experience.
- Allowing an optimal charging structure to be applied following the 2026 Determination.
- Enabling capacity for our airports.

The IAA's vires should not be a blocker, but an enabler to progressing our short and long-term goals. The 2026 Determination represents a pivotal opportunity to unlock growth, enhance resilience, and align regulation with national priorities.

Dublin Airport's response to the IAA's 2026 Issues Paper presents a clear and evidence-based case for the Determination. It emphasises the need for a flexible and forward-looking framework that reflects current market realities, supports infrastructure delivery, and ensures financial viability. The airport's proposals aim to balance the interests of users, investors, and the wider economy, while enabling Dublin Airport to continue delivering high-quality services and strategic connectivity for Ireland.

2. Introduction

Summary

Dublin Airport views the 2026 Determination as an opportunity to align the Dublin Airport and IAA strategic objectives within the regulatory framework, including safety, sustainability, and financial viability. The critical role of air connectivity in Ireland's economy is quantifiable and the need for a regulatory model that supports infrastructure delivery and long-term investment through an appropriate level of airport charges is essential to enable this.

Dublin Airport presents eight core objectives for the 2026 Determination, including best-in-class safety and security, enhanced passenger experience, growth in international connectivity, timely delivery of the Capital Investment Programme (CIP), community engagement, sustainability leadership, financial viability, and maximization of commercial opportunities. The chapter also outlines the airport's economic significance, noting its support for over 116,000 jobs, €4.9 billion in earnings, and €9.6 billion in gross value added—equivalent to 2.3% of Ireland's economy. It stresses the importance of air connectivity to Ireland's economic model, particularly in light of the country's reliance on foreign direct investment and multinational enterprise activity.

Question to the IAA: Dublin Airport would like to understand if the IAA endorse the objectives we have outlined for the Determination or if the IAA see more appropriate priorities for the process?

2.1 Context of Regulatory Engagement

2.1.1 Dublin Airport welcomes the publication of the IAA's 2026 Determination on Airport Charges at Dublin Airport: Issues Paper consultation. We would like to acknowledge the positive engagement and work with the IAA, since the inception of the new regulatory authority under the application of the Air Navigation and Transport Act (hereafter ANTA) 2022.

2.1.2 We look forward to progressing our respective statutory mandates and strategic objectives as we work towards developing a transformational 2026 price control. The price control provides an opportunity to reflect the considerable challenges and ambitions of Dublin Airport and the broader daa Group, enabling financial stability and operational resilience for Ireland's leading gateway. daa is focused on executing our better daa ambitions, whereby:

- We deliver stronger basics and better standards,
- Implementation of appropriate innovations, and
- An appropriate focus on cost and efficiency.

2.1.3 We face a challenging but exciting period in the immediate future and beyond 2027. We are confident that the IAA, airlines, airport users and Dublin Airport can work constructively to address any challenges for the benefit of passengers and air connectivity in Ireland.

Structure of response

2.1.4 This document details Dublin Airport's perspective as the regulated entity, with response to the IAA's Charges Determination July 2025 Consultation, this includes:

- Views on the approach to regulation and the regulatory model applied to Dublin Airport.
- Positioning on the regulatory building blocks and methodology to be considering as part of the price control development and implementation.
- A response to the Questions posed by the IAA In the consultation document (see Appendix 1).
- A benchmarking view (see Appendix 2) of key metrics that should be considered by the IAA at this stage and throughout the Determination engagement.

2026 Determination: Dublin Airport Objectives

2.1.5 The 2026 Charges Determination will be defined by a very different set of issues as we seek to progress against the **8 objectives** that underpin our Vision for Dublin Airport.[1]

1. Ensure a **Best-in-class Safety and Security Operations,** maintaining integrity as world leaders in compliance.
2. **Focus on Passenger Experience**, ensuring the highest passenger and operational standards. With regulatory model performance and incentives reflecting passengers' priorities.
3. **Grow high quality international connectivity**, reflecting Ireland's position as an island-nation, as well as underlining the importance of aviation to our economic wellbeing, our global social and cultural links, and our future prospects.
4. Successfully progress and timely **delivery on the Capital Investment Programme (CIP)**, with the aim of increasing capacity.
5. **Ensure Local Community and Wider Public are kept appropriately informed** on Airport Development, fulfilling Dublin Airport's commitments to being a responsible airport operator and a good neighbour while delivering on the Noise Action Plan.
6. **Optimise Sustainability** of Airport Infrastructure, realising the aspirations of the Dublin Airport Environmental, Social, and Governance (hereafter ESG) Strategy, Carbon Reduction Strategy and Waste Minimisation Plan.
7. Delivering a **financially viable Determination,** with optimal credit rating and cost of capital allowances.

[1] Dublin Airport (2023), 'Planning for the Future Our Vision', November, pp. 8–14, accessed on 29 August 2025 at: https://www.dublinairport.com/docs/default-source/corporate/91267-dublin-airport-vision-report-final-issue-nov-2023.pdf?sfvrsn=c8afb093_4.

8. **Ensure Commercial Opportunities are not lost**, with maximum value added for the Airport and passengers.

2.1.6 Dublin Airport sees the above objectives for the 2026 Determination being largely aligned with the IAA's Statutory Objectives and Key Strategic Priorities of its Statement of Strategy 2026-2028. Our Vision clearly ties in with the IAA's Strategic Priorities of:

1. Enhancing Regulatory Performance
2. Protecting the Public
3. Promoting Sustainability
4. Supporting Stakeholders
5. Supporting Innovation and Growth
6. Building Organisational Capability

The 2026 Determination is the prime opportunity for regulated entity, regulator and airport users to join together in a collaborative consultation process to achieve our shared goals and in doing so to serve the benefit of our shared end user the passenger. Dublin Airport looks forward to positively engaging with stakeholders in the pursuit of these mutual ambitions.

Critical importance of the 2026 Determination

2.1.7 As a small, open, island-nation, Ireland is heavily dependent on its air links to facilitate its economy. Dublin Airport makes a substantial contribution to the national economy, as the country's primary global gateway. The total economic impact of Dublin Airport includes activity directly related to the airport, the multiplier impacts that flow from it, and the other sectors of the economy facilitated by the airport. In total, this amounts to 116,100 jobs in Ireland, equivalent to 102,800 full-time jobs, earning a total of almost €4.9 billion. Furthermore, a total of €9.6 billion is generated in gross value added (GVA), representing 2.3% of the national economy[2].

2.1.8 As set out in the National Planning Framework, Ireland is "*[relying] heavily on international connectivity to enable export-led growth, support and develop our tourism sector and also to attract high value foreign direct investment*".[3]

2.1.9 Given its reliance on sectors of the economy that depend on high levels of connectivity, Ireland's ability to continue to grow depends on robust, efficient air connectivity. Over the 2015–23 period, between 40% to 50%[4] of GVA to the Irish economy was driven by growth in Foreign Owned Multinational Enterprise (MNE) dominated[5] sectors (pharmaceuticals, medical

[2] Dublin Airport Economic Impact Study: https://www.dublinairport.com/docs/default-source/corporate/economic-impact-study-draft-3.pdf?sfvrsn=cb3175b6_8

[3] First Revision to the National Planning Framework: https://cdn.npf.ie/wp-content/uploads/Amendments-applied-to-the-NPF.pdf

[4] An Phríomh-Oifig Staidrimh/Central Statistics Office (2024), 'Foreign-owned Multinational Enterprises', 15 November, https://www.cso.ie/en/releasesandpublications/ep/p-naova/outputandvalueaddedbyactivity2023/foreign-ownedmultinationalenterprises/

[5] Defined as greater than 85% market share.

devices, electronics and IT services).[6] As set out in the most recent fiscal assessment report by the Irish Fiscal Advisory Council, of the 500,000 jobs created since early 2019, two thirds have been created either in sectors dominated by Foreign Owned MNEs or the Irish State.

2.1.10 A key enabler of the State spending required to create new jobs in Health, Education and Public Administration are corporation tax receipts, which are dominated by contributions by Foreign MNEs. In 2023, 75% of Irish corporation tax receipts received were from US companies.[7]

2.1.11 The next regulatory period is a critical period for the realisation of the Dublin Airport vision. By 2031, the Irish population is forecast to grow 7% (by 360,000)[8] and economic activity—as measured by Modified Gross National Income (GNI*)—by 2.3% p.a. By 2030, Ireland has committed to halve greenhouse gas emissions[9] by over 50%[10] and will be required to support airlines in going beyond the 5% sustainable aviation fuel (SAF) target in 2030 to 32% by 2040.[11,12] We are also required to achieve all relevant Public Sector Energy Targets (energy efficiency, carbon reduction) by 2030, by building and retrofitting sustainable infrastructure and investing in alternative energy. Meanwhile, the capacity of Dublin Airport is already hitting hard constraints driven by a combination of planning constraints, regulatory intervention (IAA seat limits) and physical infrastructure.

2.1.12 The delivery of critical infrastructure in Ireland today is increasingly complex. It requires navigating significant challenges—from planning to development constraints and funding pressures to evolving sustainability targets and heightened stakeholder expectations. Achieving these objectives simultaneously is not only difficult but demands a regulatory framework that supports, rather than hinders, progress.

2.1.13 Sustainability goals require long-term investment and innovation. These ambitions must be balanced against affordability for users and the commercial viability for operators. Similarly, stakeholder interests—ranging from government bodies and investors to communities and end-users—often diverge, making consensus and coordinated action more difficult.

[6] https://www.cso.ie/en/interactivezone/statisticsexplained/nationalaccountsexplained/grossvalueaddedforforeign-ownedmultinationalenterprises/

[7] Irish Fiscal Advisory Council (2025), 'Fiscal Assessment Report', June, p. 20, accessed on 29 August 2025 at: https://www.fiscalcouncil.ie/wp-content/uploads/2025/06/Fiscal-Assessment-Report-June-2025.pdf.

[8] https://data.cso.ie/

[9] Excluding international aviation, but including landside activities. Rialtas na hÉireann/Government of Ireland (2025), 'Climate Action Plan 2025', 1 August, p. 5, accessed on 29 August 2025 at: https://assets.gov.ie/static/documents/Climate_Action_Plan_2025_updated_cover.pdf

[10] Rialtas na hÉireann/Government of Ireland (2025), 'Climate Action Plan 2025', 1 August, p. 96, accessed on 29 August 2025 at: https://assets.gov.ie/static/documents/Climate_Action_Plan_2025_updated_cover.pdf

[11] An Roinn Iompair/Department for Transport (2025), 'Ireland's Sustainable Aviation Fuel Policy Roadmap', August.

[12] European Commission (2021), 'Proposal for a regulation of the European Parliament and of the Council on ensuring a level playing field for sustainable air transport', para. 22, https://bit.ly/31YcDoP

2.1.14 In this context, the regulatory model must play a constructive role. It should be designed to enable delivery, not create additional hurdles. Regulation must ensure that the interests of users are protected, but also that the system is flexible enough to accommodate the realities of infrastructure development and the transition to a more sustainable future.

2.1.15 A well-calibrated regulatory approach should:

- Facilitate investment by providing clarity and stability.
- Support innovation in sustainable technologies and practices.
- Balance competing interests through transparent and inclusive decision-making.
- Avoid unnecessary complexity that delays or derails progress.

2.1.16 Ultimately, regulation should be a tool for enabling outcomes that serve users—not a barrier to achieving them. The 2026 Charges Determination is an opportunity to ensure the regulatory arrangements help unlock barriers to Dublin Airport's ability to contribute to the national economy. In addition to unlocking capacity constraints, we highlight the key changes required to simplify the regulatory model in the short term and our views on the longer-term reform required (section 4.7).

2.2 Review of 2019 & 2022 Determination

2019 Determination

2.2.1 The original 2019 Determination set the maximum level of airport charges at Dublin Airport for the period 2020–2024. It was based on forecasts and assumptions made before the pandemic, including passenger volumes, operating costs, and capital investment plans.

2.2.2 The 2019 Final Determination was appealed by Dublin Airport in 2019 and was criticised by Dublin Airport for the sharp downward pressure in the annual price cap charges which saw Dublin Airport's Aeronautical Pricing fall by 18.5% from 2019 to 2020. This significant charge reduction negatively impacted the regulated entity's financial resilience before the impact of the COVID-19 pandemic.

Impact of the Pandemic and Subsequent Reviews

2.2.3 The Pandemic triggered Interim Reviews of the 2019 Determination, given that passenger numbers dropped by c.75% in 2020 and 2021 compared to 2019, at a high-level:

- **First Interim Review (2020):** Focused on adjusting regulatory settlements for 2020–2021 in a targeted and proportionate manner given the critical impacts of travel restrictions.
- **Second Interim Review (2021):** Continued the approach into 2022, without reopening all underlying assumptions.
- **Third Interim Review (2022):** Covered the period 2023–2026 and included broader stakeholder engagement and consultation. This review included a comprehensive building block review and addressed longer-term impacts and recovery trajectories.

Shortcomings of the 2019 and 2022 Determination and Reviews

2.2.4 The original 2019 Determination was designed for a stable growth environment and did not anticipate the COVID-19 crisis. Its rigid structure made it ill-suited to respond quickly to the dramatic drop in passenger volumes and revenue. It was evident that the building block approach lacked the agility needed during a significant and prolonged drop in passenger numbers. As a result, three interim reviews were required. More specifically the 2022 review:

- Disallowed funding for over 300 staff in security, cleaning and operational roles. This evidently led to challenges in service quality, particularly in security queue times.
- The Cost of Capital review in 2022 was based on an update of 2019 analysis which did not reflect the post pandemic risk in asset beta.
- Consultation feedback was not fully reflected nor considered in the respective Final Decisions.

2.3 Airport Charges Benchmarking

2.3.1 Dublin Airport welcomes the IAA's *'Issues Paper Annex: Benchmarking of Airport Charges at Dublin Airport'*, an exercise to establish how Dublin Airport performs with respect to other airports regarding aeronautical revenue, commercial revenue and other financial metrics. It is important to outline how Dublin Airport compares to its European counterparts in the context of the upcoming 2026 Determination.

2.3.2 Dublin Airport request that effective and representative benchmarking should be used to inform the IAA's assessment of the relevant building blocks in the 2026 Determination. The IAA have concluded that Dublin Airport is mid-range and in some cases at the lower end compared to comparators. The IAA should outline where it expects Dublin Airport to rank against comparators and how this might frame or influence its Decision on the 2026 Determination.

2.3.3 Dublin Airport has conducted its own initial benchmarking analysis outlined in Appendix 2. We look forward to expanding on this and using this information to appropriately inform the top-down assessment of metrics throughout the Determination.

3. Legislation and Statutory Objectives

Summary

Dublin Airport supports the IAA's commitment to aligning with revised statutory objectives under the ANTA 2022, which promote safety, efficiency, and sustainability. The airport's own statutory obligations under the 1998 and 2004 Acts emphasise its role in managing and developing infrastructure to meet operational needs. In light of traffic uncertainty, Dublin Airport advocates for increased flexibility in the regulatory model, to ensure financial viability and investment capacity. The Government's 2025 Action Plan further reinforces the strategic importance of Dublin Airport's expansion and planning progression, aligning with national policy and ESG commitments.

Dublin Airport stresses the importance of a regulatory settlement that ensures financial viability, enables access to capital markets, and supports the delivery of critical infrastructure. It highlights that the IAA must take due account of government policies on aviation, climate change, and sustainability, and that the regulatory model should not hinder but rather enable progress on these fronts.

The chapter also raises the potential for alternative regulatory models, such as a total revenue approach, particularly in periods of high uncertainty. It references the precedent set during the COVID-19 pandemic and suggests that the IAA should remain open to such mechanisms if passenger traffic volatility persists.

Finally, the chapter reinforces the need for a regulatory framework that is adaptable, forward-looking, and capable of supporting Dublin Airport's strategic ambitions while remaining consistent with national policy and international obligations.

Question to the IAA: How can the IAA ensure that the regulatory framework for the 2026 Determination enables Dublin Airport to meet its statutory obligations and national policy goals—particularly in delivering infrastructure, maintaining financial viability, and achieving sustainability targets—while adapting to legal, planning, and macroeconomic uncertainties?

3.1 Legislative Consideration

3.1.1 We welcome the IAA's intention to have 'Due Regard' to the revised statutory objectives enacted under the ANTA 2022. These are the fundamental guiding principles that we collectively adhere to as we engage in the Determination process.

Dublin Airport's Statutory Objectives

3.1.2 Dublin Airport must operate in accordance with a number of statutory obligations relating to Dublin Airport under both the Air Navigation and Transport (Amendment) Act 1998 (the '1998 Act'), and the State Airports Act 2004 (the '2004 Act').

3.1.3 One of the principal objects of Dublin Airport as set out in section 8 of the 2004 Act is to "*manage, operate and develop" and "ensure the provision of such services and facilities as are, in the opinion of the company, necessary for the operation, maintenance and development of its airports*...". The principal objectives of Dublin Airport are also set out in section 23(1) of the 1998 Act. Section 23 provides, inter alia that the principal objects are "*to take all proper measures for the safety, security, management, operation and development* [of Dublin Airport] "*to promote investment at its airports*". Section 23(3) provides "*the company shall have the power to do anything which appears to it to be requisite, advantageous or incidental to, or which appears to it to facilitate, either directly or indirectly, the performance by it of its functions as specified in this Act or in its memorandum of association…".*

Statutory Considerations

3.1.4 Dublin Airport wishes to find an appropriate price path that provides an effective level of airport charges, that will facilitate Dublin airport to sustain operations and secure its financial viability in the interest of both the airport and airport users.

3.1.5 The IAA's statutory objectives provides that when making a Determination, the IAA must seek to:
a) promote the safety and security at the Airport,
b) facilitate efficient and economic development of the Airport,
c) promote cost-effective services at the Airport, and
d) take account the policies of the government on aviation, climate change and sustainable development.

3.1.6 Regulatory settlements should enable the financial viability of the regulated entity (i.e. Dublin Airport) such that it protects it from any level of risk which could result in the inability to raise the debt necessary for Dublin Airport to invest in its Capex plans, thereby ensuring the proper maintenance and development of Dublin Airport infrastructure. It should also go without saying financially viable regulatory settlements are implicit in protecting passengers.

3.1.7 The IAA and Dublin Airport's statutory objectives are compatible and fit together, and can enable the delivery of our key ask, and deliver an excellent Airport in line with Government Policy for the benefit of all users and the Irish economy.

Broader Considerations

3.1.8 A key consideration for the Determination, as outlined Chapter 10 is the financial viability of Dublin Airport. Increased dividend payment is anticipated during the Determination period. The Shareholder Expectation Letter issued to daa specifically calls for payment of dividends at between 30 - 40%. This must therefore be a factor of material positioning as part of the Final Determination charging structure.

3.1.9 Given the significant levels of uncertainty over the future trajectory of passenger traffic levels at Dublin Airport (which is further outlined in Section 5), due regard should be given to the suitability of the price cap model. Under Section 32(6) of the 2001 Act, as amended, a determination may *'…provide an overall limit on the level of airport charges…whether by refence to a formula or otherwise…'.* With this considered, the maximum level of Airport Charges can be discharged by other means, which removes the uncertainty of future passenger traffic. A regulatory settlement such as total required revenue, like that of Commission Paper 12/2020[13] during the uncertainty created by the COVID-19 pandemic may also be considered.

3.2 Policy Consideration

3.2.1 On the 10th of September 2025, the Government published its Action Plan on Competitiveness and Productivity[14]. This recommends the development of long-term strategy for Irish airports as part of a review of our National Aviation Policy; the establishment of a stakeholder forum to progress Dublin Airport's planning applications for construction of infrastructure and increasing numbers to 40 mppa (million passengers per annum).

3.2.2 The Action Plan is a critical government policy that focuses on the economic areas that fall within our domestic sphere of influence; *"In light of the rapidly evolving global landscape, it's imperative that we are controlling the controllables. This whole-of-Government Action Plan is the strategic response to the challenges Ireland is facing."*

3.2.3 Of note in the Government's Action Plan is priority 64: To establish a Stakeholder Forum of key agencies to focus on the actions required to facilitate swift progression of Dublin Airport's planning application for the construction of infrastructure including additional pier and stand capacity at Dublin Airport to facilitate an increase in passenger numbers to 40m p.a. (while respecting independence of planning authority). This forum should seek to quickly identify

[13] final-decision.pdf

[14] Government of Ireland, Action Plan on Competitiveness and Productivity, September 2025: Action Plan on Competitiveness and Productivity

and remove any barriers to progress including in relation to surface access, to ensure that infrastructure enhancements that are necessary at Dublin Airport to ensure maximum connectivity for our island to the rest of the world can be progressed and to achieve the objective of removing the 32m passenger cap at Dublin Airport as soon as possible.

3.2.4 Dublin Airport acknowledges and conforms to the relevant policies following enactment of the ANTA, as well as those cited by the IAA in Chapter 3 of the Issues Paper, as National and International obligations. We fully adhere to

- The National Policy Statement on Airport Charges Regulation 2017 (the 'Policy Statement').
- 2015 National Aviation Policy.
- The Climate and Low Carbon Development (Amendment) Act 2021.
- 2018 EU Directive on Renewable Energy.
- Alternative Fuels Infrastructure Regulation (AFIR) and ReFuel.
- Renewable Fuels for Transport Policy Statement 2025-2027.
- Clean Vehicles Directive.
- National Development Plan.
- National Strategy for Women and Girls .
- Towards Responsible Business: Ireland's Second National Plan on Corporate Social. Responsibility (CSR) 2017- 2020.
- The United Nations Sustainable Development Goals.

3.3 Sustainability and ESG Obligations

3.3.1 Many of Dublin Airport's policy compliance obligations are detailed and considered as part of the Dublin Airport ESG Strategy "A world to connect, a future to protect" 2024-2030[15].This sets out the roadmap and action plan for how Dublin Airport will achieve our obligations during the forward Determination cycle. The three key pillars are focused on:

- Climate and Environment
- Community and People
- Good Practices.

[15] Daa ESG Strategy 2024-2030: daa ESG Strategy

4. Approach to Regulation

Summary

A regulatory price cap model, following the building blocks approach has been in place since 2001, when regulatory oversight was introduced to Dublin Airport. Five of the six regulatory Determinations have been appealed. This approach promotes an adversarial model of engagement between the regulator, airport and airlines and there is disproportionate focus on narrow, technical arguments around modelling. It means that airport and airlines dedicate time to litigating over parameters instead of focusing on achieving the right outcome for end-users.

As cited by Dublin Airport in a white paper submitted to the Commission for Aviation Regulation (CAR) in March 2021[16], we believe that the current regulatory price cap model results in a level of regulatory oversight which is excessive and disproportionate to the level of market power being held by Dublin Airport, and which does not lead to the best outcomes for passengers. Key considerations for this Determination include but are not limited to:

- Revise the Service Quality Metrics: Incentivise better performance in security and passenger experience with a balanced allocation of bonus and penalty.
- Broaden the application of the Opex Uncertainty Mechanism and consider merging the current 'w' and 'z' factor in one single adjustment.
- Consider an additional Capex Trigger phase, while balancing an appropriate ex-ante allowance in the model.
- The approach to estimating cost of new debt should reflect current capital market conditions which can be achieved by using current market data and an end of period true-up mechanism.

Question to the IAA: How can the IAA evolve the regulatory framework post-2026 to ensure it remains fit-for-purpose in a context of heightened uncertainty, infrastructure constraints, and the need for long-term investment—while balancing the interests of passengers, airlines, and the national economy?

[16] Dublin Airport, Regulatory Model Strategic Considerations, 5th March 2021. Available: https://www.iaa.ie/docs/default-source/car-documents/2019-determination/2021-03-24-dublin-airport-regulatory-model-strategic-considerations.pdf?Status=Master&sfvrsn=f7cb14f3_0 Available: https://www.iaa.ie/docs/default-source/car-documents/2019-determination/2021-03-24-dublin-airport-regulatory-model-strategic-considerations.pdf?Status=Master&sfvrsn=f7cb14f3_0

4.1 Price Cap Calculation

Determination Engagement to Date

4.1.1 We remain of the view that the price cap model was originally designed to safeguard consumer interests in a utility setting and that as such this is not entirely appropriate for the airport sector where there is no direct relationship between airport charges and consumers. In addition, the airport's customers are in fact the airlines who themselves hold a sizable degree of market power, and who continue to exert their countervailing buyer power. This is quite a different market dynamic to that of the utility sectors which the Littlechild price cap regulatory model was designed to regulate.

4.1.2 We acknowledge that fundamental changes to the regulatory model are not attainable with the time constraints of the 2026 Determination. We do believe that a body of work should be commenced in 2027 to understand if the current regulatory model remains fit for purpose. Some of these considerations are outlined in section 4.7 below. At the same time, some key changes can already be made from the 2026 Determination, as outlined below.

4.2 Key changes required for 2026 Charges Determination

4.2.1 To continue to deliver the optimal passenger experience and continued improvements we require an appropriate charges settlement as part of the 2026 IAA Determination. This should include but not be limited to the four key regulatory changes:

- Revise the Service Quality Metrics: Incentivise better performance in security and passenger experience with a balanced allocation of bonus and penalty.
- Broaden the application of the Opex Uncertainty Mechanism and consider merging the current 'w' and 'z' factor in one single adjustment.
- Consider an additional Capex Trigger phase, while balancing an appropriate ex-ante allowance in the model.
- The approach to estimating cost of new debt should reflect current capital market conditions which can be achieved by using current market data and an end of period true-up mechanism.

4.3 Treatment of Risk

4.3.1 Dublin Airport welcomes the IAA's continued use of the Building Blocks approach being applied as part of the 2026 Determination. The regulatory framework to date has provided a transparent basis for price regulation over multiple determinations and has enabled Dublin Airport to deliver infrastructure and services in a manner that balances efficiency with user needs.

4.3.2 We agree that the current approach to risk allocation is generally acceptable, whereby Dublin Airport has demonstrated its ability to respond to both upside and downside risks, as evidenced by the performance across the 2010–2024 period. However, we believe there is scope to refine the model to better reflect the realities of operating a major international airport in a volatile environment, and ensure the most appropriate allocation of risk between stakeholders. In particular:

- **Opex risk**: While Dublin Airport accepts that it should bear the majority of operating cost risk, we believe the passthrough mechanism should be expanded to include additional cost lines that are largely outside our control, and which are commonly included in such mechanisms, such as:
  - Regulatory compliance costs relating to security upgrades or sustainability mandates.
  - Insurance premiums.
  - Utility costs subject to market volatility.
- **Capex risk**: The current grouped allowance and StageGate mechanisms are helpful, but further flexibility is needed considering planning delays and external constraints. We propose that the IAA consider:
  - A more dynamic trigger framework that allows for partial activation of funding based on planning milestones.
  - Recognition of sunk costs where projects are delayed due to factors outside Dublin Airport's control.
- **Financeability**: Dublin Airport welcomes the IAA's continued commitment to assessing financeability. We note that maintaining investor confidence is critical to delivering the scale of investment required under CIP27. The IAA's approach to risk allocation should continue to support Dublin Airport's ability to raise debt at competitive rates.

Risk Sharing Mechanisms

4.3.3 Dublin Airport acknowledges the IAA's rationale for not introducing additional risk-sharing mechanisms to date. When considering the application of risk share, we reiterate the concerns we stated as part of the 2022 Review, whereby:

1. The application of a risk share mechanism needs to be considered as part of what would trigger an interim determination e.g. if there is a material change in volumes.
2. When a risk share is applied it usually prompts an increase in airport charges to adjust to volume drops. However, this may be at a time when airport users may not be able to absorb such increases. Alternative adjustments applied by other ISA's include a RAB adjustment, which may be more appropriate, should such an event materialise.

4.3.4 Dublin Airport strongly supports the IAA's emphasis on internal consistency across Building Blocks. In particular:

- Passenger forecasts must be aligned with realistic operational capacity and planning constraints.
- Capex allowances should reflect the infrastructure required to support forecast traffic, planning timelines and what can be delivered during the Determination timeline.
- Commercial revenue forecasts should be grounded in achievable performance, not aspirational targets.

4.3.5 We also encourage the IAA to consider the interaction between risk allocation and the cost of capital. If, as the IAA's analysis suggests, allocating a large proportion of risk to Dublin remains in the interest of users, this should be reflected in the weighted average cost of capital (WACC) to ensure a fair return on investment.

4.3.6 Given the physical capacity constraints now present at Dublin Airport, it may be necessary to revisit this in future determinations, particularly if macroeconomic volatility increases or if the regulatory environment becomes more complex. In such cases further engagement may be necessary on the application of:

- Traffic Risk Mechanism
- A Capex Clawback Mechanism
- General Risk Share Mechanism or
- Asymmetric Risk Share Mechanism

4.4 Treatment of Inflation

4.4.1 Dublin Airport agrees with the IAA proposal in keeping the inflation adjustment to the price cap broadly in line with the current approach. Moving to a 10-month proxy for annual inflation will improve the accuracy of the initial inflation adjustment and Dublin Airport is supportive of this refinement.

4.4.2 We do however think the accuracy of the Ex-Post true up could be increased without adding further complexity to the formula. Below is an example of the z term:

$$Z_{2026} = \left((P_{2024} * (1 + CPI_{\text{Historic Outturn}}) * (1 + CPI_{\text{FORECAST Outturn}})) - (P_{2024} * (1 + CPI_{\text{Historic}}) * (1 + CPI_{\text{FORECAST}}))\right) * (1 + I_{2024}) * (1 + I_{2025}) * (Pax_{2024} / Pax_{2026})$$

Where:

P_t is the yield per passenger based on the final price cap set in year t

CPI_{2024} is the forecast percentage change (whether positive or negative) in the consumer price index in 2023

$CPI_{2024outturn}$ is the outturn percentage change (whether positive or negative) in the consumer price index in 2023

$CPI_{historic}$ is the outturn percentage change (whether positive or negative) in the consumer price index between February 2022 to October 2023 used for the 2024 price cap

$CPI_{historic\ outturn}$ is the outturn percentage change (whether positive or negative) in the consumer price index between February 2022 and the 2023 full year index

PAX_t is the outturn of total annual passengers at Dublin Airport in year t

I_t is the average daily three-month interest rate between 1 November in year t-1 and 1 November in year t using the Euribor rate or some other suitable measure.

4.5 Length of Determination

4.5.1 While Dublin Airport understands the merit and balance in the IAA positioning for a 5-year period, we remain open to endorsing a longer term on the regulatory cycle, such as 6 to 7 years. A longer Determination timeline would better align with both the IAA and Dublin Airport's statutory objectives by:

- Providing regulatory certainty for the Capital Investment Programme: Giving Dublin Airport and stakeholders confidence to plan and deliver on the agreed large-scale infrastructure projects.
- It would allow stability for airlines and passengers with predictable pricing for route planning and fare stability.
- It would reduce the regulatory cost burden due to less frequent reviews.
- A longer-term period would also align with climate and infrastructure planning cycles.

4.6 Over and Under Collection

4.6.1 Dublin Airport requests that the Authority retains the application of the K factor term within the regulatory formula. This mechanism enables a limited carry over of under recovered revenues against the annual price cap. This is essential given the persistent volatility in

passenger demand and revenue forecasting. We would, however, highlight that the level of risk with Dublin Airport on price cap compliance is already asymmetrical as if Dublin Airport over collect, a refund is due shortly afterwards whereas if Dublin Airport under collects, a two-year delay period is in place.

4.6.2 In-light of the ongoing challenges in accurately forecasting passenger volumes, which directly affects the predictability of aeronautical revenue, Dublin Airport proposes that the k-factor threshold be increased to 7% for the next Determination period. This adjustment reflects the continued uncertainty in the aviation market, including geopolitical and macroeconomic factors, and aims to provide an appropriate buffer to manage revenue volatility while maintaining regulatory stability.

4.6.3 We support the continued regulatory treatment where, the fixed K-Factor is set in the provisional price cap statement published by the IAA annually. This would reduce the extent of volume risk in the K Factor application.

4.7 The longer-term regulatory reform required

4.7.1 There are a range of regulatory approaches applied at international airports, ranging from lighter-touch, negotiation-based frameworks that focus on collaboration and agreements between airports and airlines, to RAB-based regulation like Dublin Airport's regime, which involves more detailed oversight by regulators. Regulatory regimes can also vary significantly in their design, particularly in how they incorporate service quality standards, allocate risk, and establish incentives for efficiency and investment.

4.7.2 In terms of the range of regulatory regimes applied across European airports, Dublin Airport's regulatory regime is one of the most intrusive. Even at other airports where RAB-WACC regimes are applied, they tend to have less regulatory involvement in terms of the commercial side of the business (e.g. dual till at AENA and Italian airports) and/or place a greater reliance on the airport to provide proposals to, and negotiate with, airlines, with the regulator only getting involved where agreement cannot be reached (e.g. Copenhagen, Brussels, AdP). In addition, Dublin has a number of stringent incentive mechanisms applied in addition to the granular review the IAA undertakes of individual building blocks, including CAPEX triggers and asymmetric service quality penalties / bonuses.

4.7.3 The current approach to regulation promotes an adversarial model of engagement between the regulator, airport and airlines and there is a disproportionate focus on narrow, technical arguments around modelling. It means that the airport and airlines dedicate time to litigating over parameters instead of focusing on achieving the right outcome for end-users. This type of regime creates significant direct costs for all stakeholders, as well as indirect costs in terms of focusing time and effort on the regulatory process rather than producing the best outcomes for passengers.

4.7.4 Effective regulation should place itself at the heart of the underlying commercial activity—with the regulator prioritising and focusing scarce resources on understanding and forming a judgement on the most important issues for end-users and minimising regulatory distortion. In particular, regulatory intervention should focus on setting the framework in which airport and airlines can negotiate without trying to design the detailed mechanisms in the regulatory regime. Instead, the IAA's approach places engaging with disproportionately granular economic regulation at the heart of commercial decision making for the airport and airlines.

4.7.5 Indeed, models of economic regulation based on collaborative engagement between the airport and airlines, such as the approach in place at Gatwick, have led to improved outcomes for users. The CAA initially suggested that such a regime would lead to less distortion to investment incentives compared to a RAB-based approach, lower costs of regulation and better outcomes for users. When the CAA then first reviewed the regime, it noted that these benefits had indeed materialised, and that there had been an increase in passenger satisfaction and traffic, with prices remaining below benchmark and service quality targets generally being met by the airport.[17] The CAA has also suggested that such a regime is more agile and has more of a commercial focus and is therefore well-suited to situations where there is a need for additional capacity, ultimately leading to benefits for consumers.[18]

4.7.6 It is therefore important, for the IAA to consider whether the current regulatory regime applied to Dublin Airport best suits the context in which Dublin operates. This is a fundamental question given that many similar peer airports have much less regulatory intervention. It must be considered in due course, whether it is best suited to meeting the future challenges that the airport faces, including capacity expansion. Our view is that better outcomes for passengers could be achieved with a different form of regulation that imposes lower (direct and indirect) costs.

4.8 The Till Regime

4.8.1 As the IAA has highlighted, there are a number of theoretical arguments regarding the benefits of different till regimes. However, it is important to consider these arguments in the specific context of Dublin Airport.

4.8.2 Dublin Airport is currently a congested airport as a result of the passenger planning cap. Congested airports that cannot expand capacity face excess demand for their services. In unregulated markets, this excess demand would result in an increase in prices (for an airport, charges) until demand meets supply. This would have knock-on effects on airlines in

[17] CAA (2016), 'Economic regulation: A review of Gatwick Airport Limited's commitments framework ; Findings and conclusion', pp. 3-4, https://www.caa.co.uk/publication/download/15878

[18] CAA (2025), 'Economic regulation of Gatwick Airport Limited: Final Decision on extending the current commitments', May,=.

determining which products they offer and could lead to a more efficient allocation of aeronautical resources.[19]

4.8.3 When aeronautical charges are kept artificially low, as a result of the single-till mechanism, airlines face little incentive to economise on scarce airport capacity. This can worsen congestion, since prices do not adjust to reflect limited supply. If flight numbers cannot increase further, airfares may still rise due to excess demand despite lower aeronautical charges, meaning airlines can capture higher profits. Moving from a single-till to a dual-till approach addresses this by removing the commercial revenue cross-subsidy, so that aeronautical charges reflect the true cost of scarce runway and terminal capacity. While this shift may raise aeronautical charges, the effect on passenger fares is likely to be small, as airlines absorb part of the increase [fn18]. In this way, a dual-till system promotes a more efficient allocation of airport capacity without unduly burdening passengers.

4.8.4 There have been a number of changes in regulatory till structures at European and international airports over the last several years, with trends for a shift from a single-till to a dual- or hybrid-till.

4.8.5 Aeroports de Paris (AdP) moved from a single till to an adjusted single till in 2011. A number of activities were excluded from the till, including diversification real estate ("immobilier de diversification") and commercial activities including off-terminal retail, restaurants, car rental, banking and foreign exchange.[20] These were removed in order to strengthen the incentives AdP had to improve its attractiveness as an airport, as the airport would be encouraged to increase passenger numbers given the profits from commercial revenue would be kept by the airport and not used to offset aeronautical costs.[21] It was also proposed that alongside increasing the attractiveness of the airport, it would improve passenger satisfaction, and that the removal of this cross-subsidisation would be accompanied by a price signal more directly linked to the cost of infrastructure and services, thus leading to more efficient management of the airport.

4.8.6 Brussels Airport also previously operated under a single till, but over the course of three charges periods, and based on a comparison of its charges to comparator airports, moved to a dual-till. AENA, the owner and operator of airports in Spain, gradually moved from a single to a dual till regime from 2014,[22] and larger Italian airports have been operated under a dual till regime since 2013.[23]

4.8.7 The UK's Civil Aviation Authority (CAA) considered moving to a dual-till arrangement in the early 2000s, though this was not approved by the Competition Commission (now the

[19] Czerny, A.; Zhang, A (2015), 'Single-Till versus Dual-Till Regulation of Airports', p.5
[20] Aerports de Paris, 'Contrat de Regulation Economique', pp.34-36
[21] Aerports de Paris, 'Contrat de Regulation Economique', pp.36.
[22] Direccion General de Aviacion Civil (2017), 'Airport Regulation Document (DORA) 2017-2021', January, p.10.
[23] Aeroporti di Roma (2015), '€1,500,000,000 Euro Medium Term Note Programme', p.90.

Competition and Markets Authority). A motivation for moving to a dual-till was that using a single-till at a congested and capacity constrained airport would lead to adverse results, where there was an incentive to reduce aeronautical charges in the face of excess demand.[24] Furthermore it was deemed that charges were lower than the overall cost of supplying airport services, which was not an economically efficient way of pricing. More recently, the current proposals are that certain activities (property and non-terminal car parking) would be removed from the till for Heathrow Airport for H8.

4.8.8 In changing the regulatory regime in 2002, the Australian Competition and Consumer Commission argued that mandating the transfer of non-aeronautical rents is likely to discourage development by the airport of both aeronautical and non-aeronautical services, and introduced a dual till.[25] Additionally, a recent assessment of the monitoring of Australian airports in 2019 found that revenue from nearby shopping centres and business parks—i.e. commercial property not within the terminal—was likely to be unrelated or only loosely related to passenger throughput.[26]

4.8.9 Moving from a single to a dual-till can improve the airport's incentives to invest in commercial activities, improve the experience for passengers, and can lead to more efficient allocation of scarce aeronautical services at congested airports.

4.8.10 In the longer term, a dual-till regime should be put in place. Extensive international precedent exists for moving from single-till to hybrid or dual-till regimes, including at Aeroports de Paris, Brussels Airport, AENA (Spain), and Australian airports. Economic arguments support dual-till arrangements, particularly at capacity-constrained airports, as single-till arrangements can lead to inefficient price signals, inhibit new airport users from accessing the airport and poor resource allocation.

[24] Civil Aviation Authority (2000), 'The 'Single Till' and the 'Dual Till' Approach to the Price Regulation of Airports', December, p.18.
[25] Ibid., p.77
[26] Ibid., p.109.

4.9 Dublin Airport Ask

Ask	Reason
Review the long-term viability of regulatory model to consider the appropriateness of the till structure.	To consider whether the existing regulatory model is fit for purpose.
Consider the allocation of risk as part of the Determination process.	Given greater uncertainty of key building block inputs such as the passenger forecast.
Consider extending the duration of the Determination beyond 5 years.	To provide greater pricing certainty and enhanced period for delivering the capital investment programme.

5. Passenger Forecast

Summary

The passenger forecast is a key building block which has far reaching impacts beyond just itself, but also on other building blocks, particularly Opex and Commercial Revenue. There are a number of methodological challenges in producing an accurate passenger forecast, many of which were not present in previous Determinations.

The most glaring of challenges surround planning and legal restrictions and how those should be accounted for in the forecast. While there is still ample uncertainty around these constraints, their potential impact on passenger outturns can be substantial. The IAA must therefore have due consideration for all possible scenarios and thoroughly justify whatever assumption surrounding these it ultimately assesses as most prudent.

From a methodological consideration there is an increasing divergence between gross domestic product (GDP) and GNI* within Ireland which calls into question the adequacy of using GDP as the sole driver in a passenger forecast, as it becomes increasingly unclear how this measure is a suitable proxy for the Irish economy. As part of the methodological review, Dublin Airport provides insight into potential ways to employ both multivariate and blended models

A final significant challenge faced in the passenger forecast is with regard to infrastructural constraints and its implications for hindering growth regardless of the level of passenger demand.

Question to the IAA: How will the IAA take the various passenger constraints into account, including assessing realistic alternative scenarios?

5.1 Introduction

5.1.1 Dublin Airport has had strong performance to date in passenger growth for the current regulatory period with passenger traffic having rebounded more quickly than anticipated. The IAA, in Section 5.2 of the Issues Paper, note that outturn has far exceeded the forecasts Dublin Airport submitted in our Regulatory Proposition in 2022. However, Dublin Airport highlight that:

1. Recent performance has also been associated with a high degree of uncertainty.
2. Concluding that one body is more accurate at forecasting than another based off forecasts produced in unprecedented (i.e. non normal) times is tenuous.

5.1.2 Given the importance of the passenger forecast as a key building block in the Determination, Dublin Airport is committed to accuracy, ensuring the best outcome for airport users. However, this is made more difficult by a number of factors as detailed in the subsequent chapter sub-sections.

5.1.3 These key constraints and challenges create increasing uncertainty and complexity facing Dublin Airport and the broader global aviation industry. This necessitates careful consideration of the appropriate methodology for forecasting traffic and suggests that simple univariate models may not be suitable.

5.2 Planning and Legal Constraints

5.2.1 Dublin Airport agrees with the IAA that there are two major issues for the IAA in approaching passenger traffic forecasts namely:

i. the assumptions to be made by the IAA around Dublin Airport planning conditions and slot declarations and
ii. the choice of data sources and methodology for weighting them to arrive at an initial forecast for each year

5.2.2 With regard to the level of uncertainty with respect to what legal constraints will be in effect in each year in the period 2027-2032 must be a central consideration for the IAA in designing and undertaking this review. While uncertainty is always at play in forecasting, the level and uncontrollable nature of this uncertainty is extraordinary and requires a commensurate IAA response.

"Thus, there is a degree of uncertainty around these planning conditions. That uncertainty may or may not subsist by the time we make the Draft Determination and/or Final Determination."

5.2.3 However, before the IAA makes any assumption about legal constraints in its ultimate Determination, it is incumbent on it to assess all realistic alternative scenarios and evidence in Consultation. This should outline the reasons for its view on which of those scenarios is most likely to transpire in each and every year of the period. We would expect the IAA to explain how it is following relevant best practice decision-making frameworks such as that set out in Frontier Economics' March 2003 Report, 'Regulatory mechanisms for dealing with uncertainty'.[27]

5.2.4 There are 2 distinct planning conditions for which there is uncertainty that have the potential to limit passenger forecasts in the regulatory period. These are the nighttime restrictions and passenger cap, both of which may have a material impact on growth. Prior to issuing its Determination next year, the IAA will need to form a view on how passenger traffic forecasting arising from economic modelling must be adjusted to take account of the likely effects of these 2 distinct planning conditions.

[27] https://www.ofgem.gov.uk/sites/default/files/docs/2003/03/2667-frontieruncertaintyreport_march14_0.pdf

5.3 Challenges & Headwinds

Increased economic and geopolitical uncertainty

5.3.1 The environment in which Dublin Airport created its forecast in 2022 is very different from that of 2025 and 2026. Traffic levels have now fully recovered in the majority of markets, and the trajectory of aviation traffic has normalised, albeit with new challenges and uncertainties:

1. **On a geopolitical level** the continued conflicts in Ukraine and the Middle East have had an acute impact on the global aviation industry and remain a credible downside risk to passenger numbers at Dublin Airport.

2. **On a macroeconomic scale** there are numerous factors that threaten to adversely affect passenger numbers, both on the demand and supply side. US macroeconomic policy with the imposition of tariffs in particular has induced additional risk and uncertainty. It also can further strain already stretched global supply chains for aircraft which hinders airlines' ability to meet global aviation demand. In fact, EUROCONTROL reiterates this, noting that air traffic forecasts face new heights of uncertainty due to greater susceptibility to sudden swings in industrial, economic and environmental variables[28].

Tail risk events (e.g. pandemics)

5.3.2 As the IAA discuss in Section 5 of their Issues Paper, the pandemic led to a severing in the previous historic link between GDP and passenger demand which necessitated a different approach. The pandemic saw a government-imposed travel ban for a large share of the period, essentially making travel demand exogenous to any macroeconomic variable and thus decoupling any relationship and correlation it had with other drivers. The IAA suggests there are practically two ways to deal with the pandemic, to either exclude it from the forecast altogether or to include dummy variables. Dublin Airport can see advantages to the dummy variable approach as this preserves the sample size and avoids selection bias, while also demonstrating what is the difference in the elasticity of GDP/GNI* to passenger numbers during the pandemic compared to in normal times.

5.3.3 The IAA also asks what period should constitute the pandemic. Which started in 2020. Given Ireland was subject to COVID-19 and travel restrictions until March 6th, 2022, this means 2022 was also partially impacted by the pandemic. Therefore 2020-2022 should be considered as the time period constituting the pandemic and subsequently the years which would be encoded as dummy years or excluded.

Skewed GDP due to multinational activities

[28] Traffic Forecast | EUROCONTROL

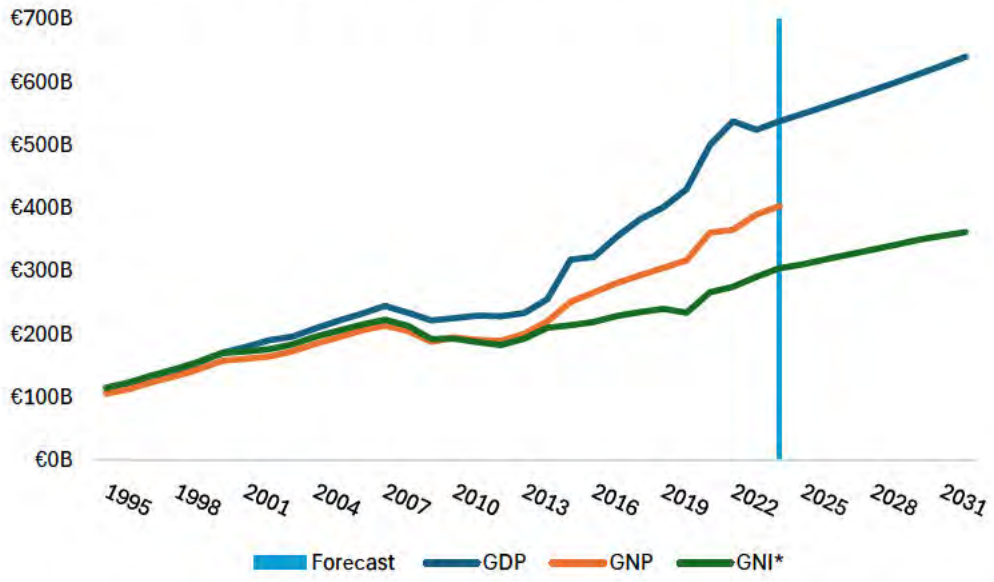
5.3.4 The IAA has historically employed a simple log-log univariate Irish GDP to passengers' regression model to produce its forecast. The justification for this has been that there is a historic relationship between GDP and passenger growth, it's transparent, easily replicable and has generally performed well or similarly to other multivariate, blended or more complex models. However, it is well documented that Irish GDP is not an accurate measure of economic activity in Ireland due to Multinational Corporations' (MNC) activity distorting national accounts. However, due to the more accurate measure GNI* not having as much forecast data available, has resulted in the IAA using has used GDP in part due to data availability of more forecasts

5.3.5 Measures of global output like GDP are generally seen as the best single globally comparable macroeconomic indicator. GDP's relation to flying is that flying is generally a discretionary good whereby as discretionary income increases so too does the demand for travel and in turn the derived demand of flying. However, it is well documented that for Ireland GDP is not an accurate measure of economic activity due its inclusion of:

1. Profit Repatriations
2. Factor Income made in Ireland, but which does not stay in Ireland
3. Depreciation on intellectual property and leased aircraft

Which, in contrast to other countries are disproportionately based in Ireland. This in turn skews GDP as this activity has little to do with true economic activity in Ireland, which is why GNI* is instead viewed as a better reflection of the Irish economy.

FIGURE 1 IRELAND GDP VS GNP VS GNI* COMPARISON



Source: GNI (CSO & Central Bank for Forecasts), GDP (IMF)*

5.3.6 In fact, Figure 1 illustrates there is an increasing gap between Irish GDP and GNI* that has been widening at increasing rates and the latest forecast project for this gap to only increase. This means that absent any sufficient explanation from the IAA as to why GDP remains a relevant driver for forecasting passenger demand, it becomes increasingly unclear why there is continued sole reliance on this variable to predict passenger numbers. Since in comparison to 2014, 2018 and 2022 when the gap between GDP and GNI* was smaller this is more and more not the case going forward. The growing divergence of GDP as an explainer of Irish economic activity combined with limited availability of GNI* forecasts is another challenge facing both Dublin Airport and the IAA in producing forecasts.

Overall forward view

5.3.7 The next regulatory period will occur between 2027 and 2031, which covers a period of uncertainty regarding the development and growth of Dublin Airport. At present Dublin Airport has received an enforcement order on compliance with the 32m passenger cap, which is subject to judicial review; is a notice party in judicial review of the nighttime restrictions which were decided as part of the Northern Runway Relevant action; and is 2 years into an application to increase the passenger cap to 40mppa and construct much needed infrastructure to relieve capacity constrained facilities.

5.3.8 While the outcome of each of the above proceedings and planning applications is not known, nor is the timing of decisions clear, it is prudent to consider the effects of each on the passenger forecast over the regulatory period. Dublin Airport anticipates a range of constrained forecast scenarios that may emerge, as the IAA rightly acknowledges and references in their Issues Paper. The following cascading series of forecasts should be considered:

- **Unconstrained macroeconomic forecast** which results in the most likely annual growth rate for the airport without any consideration for infrastructure, operational, environmental or planning constraints
- **Capacity constrained forecast** which utilises a bottom-up approach to estimate the likely growth by market, region, airline and time of day, which is then constrained by the physical infrastructure such as lack of stands or check-in facilities.
- **Planning constrained forecasts** which are then overlayed against the capacity constrained forecast that limit the growth to the likely planning cap that will be in place in each year of the forecast.

5.4 Unconstrained Forecast Methodologies

5.4.1 Table 2 summarises the unconstrained forecast methodologies for consideration while outlining Dublin Airport's view and suitability. Each methodology is further expanded on in this section.

TABLE 2 FORECAST METHODOLOGIES FOR CONSIDERATION

Methodology	Dublin Airport Review	Suitability
Univariate Passengers to GDP	The relationship between passengers to GDP has been weakening between GDP and GNI*. Yields low elasticity and a forecast that is too low.	No
Multivariate	Blended Model incorporating key market economic variables to that respective region's passengers and their respective weights. Can be based on point-to-point passengers with transfers forecasted separately, or on total passengers.	Acceptable
Blended	Incorporate multivariate model with the addition of passengers to population elasticity and industry forecasts which have more sophisticated forecasting methodologies and accounts for European and global aviation demand better capturing transfer demand.	Preferred

Univariate GDP to Passengers

5.4.2 The IAA has historically employed a simple log-log univariate model which has generally performed well. However, it is well documented that GDP is not an accurate measure of economic activity in Ireland due to MNC activity distorting national accounts[29]. However, the more accurate measure GNI* not having as much forecast data available, has meant the IAA has used GDP in part due to data availability.

5.4.3 Therefore, naturally the starting point has been the IAA's preferred GDP to passengers' univariate model. As part of this we used data from 2001 onwards consistent with what the IAA has historically done. Data before 2001 reflects a market that is likely to be very different from the current and future operating environment and would thus be unrepresentative.

The Multivariate Model

5.4.4 Given some of the challenges faced with the GDP and GNI* univariate models, the multivariate disaggregated economic model uses the portion of Dublin's passengers that are most related to Irish GNI*, i.e. Dublin-originating passengers, whose income is a direct function of Irish economic activity (GNI*). While non-Dublin originating passengers' propensity to fly would be determined by their respective region's measure of wealth. Apart from the UK as Table 3 shows there is a high correlation between non-Dublin originating passengers and their respective country's GDP.

[29] Modified GNI - CSO - Central Statistics Office

TABLE 3 REGRESSION OUTPUT GDP TO POINT TO POINT PASSENGERS

Time Period	Region	Elasticity	R- Squared	P-value
2001-2025 exc. COVID (2020-2022)	Ireland	0.75	0.91	0.00
	IE GNI*	1.48	0.85	0.00
	UK	0.83	0.46	0.00
	US	2.65	0.94	0.00
	EUZ	4.72	0.94	0.00

Source: Dublin Airport and CSO (GNI), IMF (GDP except EUZ (FRED))*

5.4.5 The multivariate approach then computes and uses the elasticities of those 4 regions and multiplies them by that region's GDP (or GNI*) growth rate for each year. The growth rates are computed by multiplying them by the respective weight of each region to get the total passenger growth rate. The point-to-point passengers for each year are found by multiplying the net weighted growth rate by last year's passengers. A separate model is then used to forecast transfers, as those are largely independent of Irish economic activity and influenced by different factors.

5.4.6 There are several methods to apply weights including assuming a 50/50 originating vs non-originating passenger mix split similar to what the IAA used in their consideration of a multivariate model in their 2019 Determination as outlined in 5.12 of the Issues Paper. The weights for the remaining region are then determined by the passenger share of Dublin Airport's passengers that they account for.

Blended

5.4.7 It is also possible to layer on other drivers and forecasts onto the multivariate model while also being able to capture transfer passengers by proxy using a blended model, which is Dublin Airport's current preferred approach. Since transfer demand is associated with global aviation demand it should be well explained by industry forecasts.

5.4.8 Dublin Airport's blended model used as part of the CIP27 utilises a weighted multivariate model which includes the following core inputs:

- Historic passenger growth
- GDP (GNI* for Ireland) elasticities to respective regions passengers to/from Dublin Airport
- Population
- Industry Forecasts

5.4.9 Historic Dublin Airport passengers is a time series whereby past passenger volumes and growth trends will reflect the future trajectory. A weighting is applied to this with both the 5-year compound annual growth rate (CAGR) and the 10-year CAGR being used.

5.4.10 GDP (GNI* for Ireland) elasticities to respective regions passengers to/from Dublin Airport is a regression model that forecast out the growth between Ireland and GNI* and 3 key markets and their GDP: UK, US and Europe.

5.4.11 Population growth and associated positive net migration increases demand for air travel in the *'visiting friends and relatives'* category.

5.4.12 Some weighting is then applied to Industry forecasts for the aviation industry, such as the EUROCONTROL Terminal Navigation Service Units, ACI and IATA forecasts.

5.4.13 Summing the blend of the 4 inputs provides the overall final blended growth rate. The benefit of the blended forecast is that it accounts for various scenarios, by using a variety of inputs instead of relying on a single input. Moreover, the blended model is fully transparent and replicable, with all sources being publicly available.

5.5 Constrained Forecast Model

5.5.1 The IAA states in 5.37 of the Issues Paper that there is uncertainty for operational and/or infrastructure constraints to weigh materially on traffic growth at some point and goes further to pose the question, "should these constraints be considered in their forecast model". Dublin believes a key consideration of the forecast will be the nature of growth likely to occur in the regulatory period and how that growth can be facilitated.

5.5.2 The use of causal forecasts, which utilise macroeconomic variables, can produce reliable forecasts which respond to external factors that influence the likely growth in aviation and propensity to travel for the public, however, those forecasts fail to consider Airport specific factors that will impact how growth can be facilitated.

5.5.3 Airport capacity can be disaggregated into a series of processes, each having its own unique constraints. Depending on the type of activity, these subsystems must work together to allow end-to-end flow of demand. As the delivery of new infrastructure is delayed, new demand must be limited in hours where there is a capacity constraint within the subsystem, which forces that demand into "shoulder periods" and suboptimum operating times.

5.5.4 As peak periods, which by their very nature are the optimum times of day for certain types of activity, become constrained, airlines are forced to make a choice between operating suboptimum slots or taking their business elsewhere.

5.5.5 The introduction of the Northern Runway has released the principal constraint identified in the 2019 Determination, however as runway slots have become available in constrained

hours, new constraints have been highlighted on several subsystem processes, which are at capacity for large portions of the day.

5.5.6 Infrastructure constraints such as contact stands, airbridge served stands, Bussing gates, contact gates, baggage handling and sortation, Check-in facilities and US-Preclearance operate at maximum capacity at peak times throughout the day. Many of these are required to work in unison to allow a single operation however if one or more parts of the system is operating at its maximum throughput, new demand cannot be facilitated. Dublin Airport has already experienced the challenge of accommodating new business in Summer 2026 where the required operation could not be facilitated due to capacity constraints.

5.5.7 While the IAA suggests growth will occur through increases in off peak slot utilisation, increases in general slot utilisation and increased load factors, they do not identify the volumes this type of growth can yield and over what period. Many routes that operate during the summer season in Dublin run for the full season, with little to no drop-off in shoulder periods, thus season length extensions have limited potential to yield large traffic volumes. Similarly, load factors in peak summer months are on average around +90%, which leaves little room for further growth.

5.5.8 Dublin Airport believes a bottom-up approach is required to develop a passenger forecast that estimates the realistic potential for growth. This will enable the IAA to account for the capacity constraints imposed by the existing airport infrastructure and other factors, and accurately reflect the extent to which options such as off-peak slot utilisation and higher load factors can meaningfully affect passenger throughput.

Types of growth to be considered over the regulatory period

5.5.9 Dublin Airport has 2 carriers based at the airport, both of whom operate large networks. While Ryanair focus on the point-to-point market with a focus on maximum utilisation of aircraft based in Dublin, Aer Lingus and its regional partner Emerald Airlines, operate a hub and spoke model whereby their short haul fleet deliver a combination of point to point and transfer passengers to Dublin, with transfer passengers then utilising the Aer Lingus long haul network which mainly focuses on the Transatlantic market. In both operating models, an early departure from Dublin is essential to ensure optimum utilisation of aircraft turns throughout the day and to deliver passengers to and from destinations in sufficient time for onward connections.

5.5.10 A principal constraint in Dublin is the number of aircraft stands and passenger boarding gates available for these based aircraft, which limits the number of departures that can occur in the early morning. If based carriers have aircraft available to add additional based units in Dublin, the stand and gate constraints restrict new aircraft from leaving Dublin in the busy morning wave, delaying their departure and subsequent arrivals to less attractive times for Business and Holiday passengers. Overall, this results in a lower utilisation of the aircraft as the

shortened day results in up to 1 less movement. On an annual basis this loss can equate to tens of thousands of passengers per annum per aircraft. Basing additional aircraft in Dublin is becoming less attractive for airlines due to this lack of infrastructure.

5.5.11 While the principal constraint for carriers based at the airport is overnight stand and contact stand capacity in the first wave, many airlines that fly to Dublin face other constraints that ultimately limit growth. Transatlantic carriers, who predominantly operate large wide body aircraft, arrive in the early morning then turn and depart around midday. The timing of both legs of the flight are key to delivering passengers to the destination airport in sufficient time for onward connections. Choosing alternative times, would leave passengers with long connection times or missed connections at either end of a route. Therefore, many transatlantic airlines are bound by the connection windows on both sides of the Atlantic. As a result, the mid-morning to afternoon in Dublin is now the busiest time for arriving and departing wide body operations, most of whom are required to use the US preclearance facility and the connected gates and stands associated with that operation. In Summer 2025, the US preclearance facility and all connected stands and gates were at maximum capacity for 6 hours during the day. Future growth in Transatlantic operations will be constrained to shoulder periods which are less attractive and sub-optimum for connections.

5.5.12 Together with overnight stand capacity and US preclearance capacity, there is a lack of non-US preclearance stands for wide body operations. The Middle Eastern and Asian markets have rebounded and expanded since 2019, and all carriers on those routes operate large wide body aircraft. Due to the lack of available wide body stands and associated gates, this type of traffic will continue to be constrained in peak periods of the morning and further expansion of those routes will have to operate in afternoon or evening times when there is more availability of the infrastructure.

5.5.13 While short haul, European routes, operated by multiple carriers on narrow body aircraft may continue to be accommodated within the existing infrastructure, there may be limited growth on mature routes. Many of these airlines are restricted by aircraft deliveries which will limit if-and-when new schedule services will operate in the future.

Constrained Forecast Methodology

5.5.14 When the unconstrained annual growth has been established, and estimation of the busy day activity in each year can be constructed which is based on the latest schedule information available and the historic relationship between the busy day and annual traffic volumes. New activity, based on market intelligence is then added to the baseline to create future busy day demand. The new demand is added at the times and volumes which are most likely to occur based on the market being served and airline operating model. As with the unconstrained forecast, the additional capacity is not limited by the capacity of the infrastructure.

5.5.15 Once the unconstrained busy day is established, the demand can be assessed against the existing infrastructure constraints. Where demand cannot be accommodated and or moved to alternative times, it is then removed from the day, thus creating a constrained busy day. The busy day is then annualised, using the historic ratio, to establish the loss in passenger numbers that can be attributed to the infrastructure constraints.

5.5.16 It is therefore crucial that the IAA sets out how it will treat infrastructure constraints in the passenger forecast model. As this section has highlighted there are a number of infrastructural constraints that reduce Dublin Airport's ability to facilitate increased passenger demand. Considering that airlines do not construct their schedules in isolation and instead layer it into aircraft rotations, the absence of capacity at peak hours which airlines seek the most reduces their operational flexibility at Dublin Airport. In turn even if passenger demand exists, airlines may not be willing to or simply unable to supply the seats given the more undesirable slots available and the infrastructure capacity constraints that exist. The IAA must therefore assess all these infrastructural constraints and layer them in accordingly into the passenger forecast model they employ. The IAA should discuss the methodology they will utilise to account for infrastructural constraints including the methodology for:

1. Identifying these constraints
2. What subsequent adjustments are made to the model based on these constraints
3. how these infrastructural constraints feed into their forecast overall
4. If they apply a load factor assumption on the back of infrastructure constraints - a thorough overview of how they reached this assumption

5.5.17 A key part of the Capex Programme of Dublin Airport (CIP27) is to unleash greater infrastructural capacity in order to facilitate passenger demand and serve the interest of future airport users. However, until such a time that these projects are finalised or at a minimum on site with a clear completion date, infrastructural constraints are fundamental to the passenger forecast. As unfortunately it's not just demand, but also constrained supply that interface the forecast and hence due regard must be given to infrastructural constraints.

5.6 Dublin Airport's Request

Ask	Reason
IAA to justify with evidence why it believes GDP to Passenger Relationship will re-establish.	Increasing gap between GDP and GNI* as well as no statistical significance 2018-2025 exc. COVID. Given weak elasticity it provides, unclear how it is a reliable driver.
IAA to consider adopting blended approach.	Univariate models too simplistic and provide forecasts that are too low.
IAA to explain how it sees Dublin Airport passengers growing given infrastructural constraints.	There is a limit to the potential given the infrastructure, forecasting above this level needs to explain how this is feasible.
IAA to consider traffic risk sharing mechanism.	Given the heightened downside risks and uncertainty from capacity and litigative constraints facing Dublin Airport, it may be necessary to weigh the idea of a traffic risk share.

6. Operating Costs

Summary

At the time of the 2022 Review, there was significant uncertainty in future Operating Costs due to the need to scale up to 'business as usual' (BAU) post-pandemic, wage inflation, staffing requirements following C3 scanner rollout and utility prices. This led to a conservative approach been taken with the resulting outturn impact being lower than expected. Dublin Airport has gained efficiencies with Opex per passenger lower than forecast, while maintaining high passenger satisfaction. However, key issues that should be considered are:

Security resourcing should be forecast on an n+1 lane basis.

To ensure adequate resilience, 5% buffer above the identified posts and roles should be incorporated into workforce planning.

Given the current operational context, greater weight should be placed on a top-down exercise across security and, to a lesser extent, facilities & cleaning.

Questions to the IAA: How will the IAA assess the underlying efficiency of Dublin Airport? How will the IAA appropriately consider and merge a top-down assessment with the traditional bottom-up assessment and how will resilience factor into the evaluation?

6.1 Overview

6.1.1 Given the exceptional context of the previous review which was undertaken during COVID-19, there were a number of key uncertainties with respect to Opex at the time of the 2022 Review:

- The operational frictions associated with scaling-up airport operations post-pandemic to meet the restored level of BAU demand.
- Wage pressures and low levels of unemployment at the time of the 2022 Review.
- The impact of the rollout of C3 equipment on required levels of security staffing.
- A high degree of uncertainty in future utility prices.

6.1.2 These uncertainties, along with Dublin Airport's dual focus on passenger experience and cost efficiencies have delivered Opex per passenger over 2023–24 at levels closer to pre-pandemic levels faster than Dublin Airport was expecting. In this chapter, we outline how the key drivers of differences between Dublin's 2022 forecasts and 2023–24 outturn values link to these factors. However, this does not constitute evidence that a similar methodology would necessarily be the most appropriate approach for the 2026 Determination.

6.1.3 Operating costs at Dublin Airport are expected to rise in the coming years due to a combination of operational, regulatory, and infrastructure-related pressures, which the IAA should have due regard for to ensure adequate financeability and operational resilience and ultimately to serve the interests of current and prospective users as well as maintain a pleasant passenger experience on the back of these emerging challenges. These factors are detailed in the following subsection.

6.1.4 Dublin Airport also highlights the level of operating costs compared to other peer airports. This is demonstrated in Appendix 2, *'Dublin Airport Response to Issues Paper Annex: Benchmarking of Airport Charges at Dublin Airport',* Section 5, which outlines the operating cost per passenger as considerably above the comparator average. This demonstrates the importance of adequately accounting for the higher nature of Dublin Airports cost base in the 2026 Determination. We will further expand on this as part of the Regulatory Proposition submission.

6.2 Pressures facing Opex in the Next Determination Period

6.2.1 Operating costs at Dublin Airport are projected to increase over the coming years due to a range of operational, regulatory, and infrastructure-related factors. A key contributor will be the full-year impact of the new Centralised Security Screening (C3) facility. While C3 is designed to enhance security standards and improve passenger experience, it also introduces additional requirements in terms of staffing, equipment maintenance, and energy usage, which will be reflected in the airport's cost base.

6.2.2 As passenger volumes continue to grow, the airport faces capacity constraints within its existing infrastructure. Without additional terminal or airfield space, managing higher throughput will require more intensive use of current facilities, which may lead to increased operational complexity and higher marginal costs. This environment also places greater pressure on queue management, staffing flexibility, and service delivery standards.

6.2.3 The airport will be undergoing significant capital development, which presents further operational challenges. Maintaining continuity of service during construction phases often necessitates temporary solutions, additional personnel, and contingency planning. These transitional measures, while necessary, contribute to short-term increases in operating expenditure.

6.2.4 The expansion of U.S. Customs and Border Protection (CBP) hours of operation is another factor influencing cost development. Extended operating hours will require additional officers and support staff, as well as enhanced queue management systems to maintain passenger flow and compliance with border control standards.

6.2.5 Regulatory requirements around safety and security are also evolving, with increased emphasis on compliance, training, and system upgrades. These developments, while essential for maintaining operational integrity, require sustained investment and resourcing.

6.2.6 Labour-related costs are expected to rise as Dublin Airport transitions toward a more mature work force. National policy changes, including increases to the minimum wage and the phased introduction of pension auto-enrolment, will also result in higher baseline employment costs across multiple operational areas.

6.2.7 PRM usage continues to grow. Over the last number of years PRMs have continued to increase, with the propensity growing from 1.0% of passengers in 2019 to 1.3% in 2025. This trend is expected to continue over coming years.

6.2.8 Dublin Airport's sustainability strategy, including its commitment to achieving net zero emissions by 2050, will require ongoing investment in energy-efficient systems, waste management, and carbon reduction initiatives. While these measures may reduce long-term costs and environmental impact, they often involve upfront capital and operational expenditure, such as retrofitting buildings, electrifying ground fleets, and expanding renewable energy sources.

6.2.9 As part of its broader modernisation efforts, the airport is likely to continue investing in digital infrastructure—such as biometric boarding, automated passenger flow monitoring, and smart building systems. These technologies can improve efficiency and passenger experience, but they also introduce new maintenance, cybersecurity, and training requirements that contribute to operating costs.

6.2.10 With increasing scrutiny from regulators, airlines, and community stakeholders, Dublin Airport must allocate resources to engagement, reporting, and compliance activities. This includes responding to planning conditions, environmental assessments, and public consultations, all of which require dedicated teams and systems.

6.2.11 Dublin Airport will continue to evolve the commercial offering. Opex growth will grow in line with commercial revenues they are related to.

6.2.12 Finally, the delivery of new infrastructure will bring additional operational demands. Expanded facilities will require increased energy consumption, more extensive cleaning regimes, enhanced wayfinding systems, and ongoing maintenance. These elements will contribute to a broader and more complex cost profile as the airport evolves to meet future capacity and service expectations.

6.3 Operating Efficiencies 2023-2024

Overview

6.3.1 The IAA presents analysis showing that total outturn Opex has more closely matched its forecasts from the 2022 Review than Dublin's projections. The IAA highlights that outturn Opex was €7m and €9m above the unadjusted forecast (in 2023 and 2024 respectively), while Dublin Airport's forecast was €36m and €49m above outturn in 2023 and 2024. We present the relevant exhibit from the IAA's 2026 determination in Figure 2 below.

FIGURE 2 TOTAL OPEX OUTTURNS AND FORECASTS, €MILLION

Source: IAA

Outturn comparison to IAA forecast

6.3.2 As outlined in Figure 2, Opex for 2023 and 2024 has been broadly in line with the IAA forecast, showing less than a 2% variance with IAA's forecast for both 2023 and 2024 while delivering 3.1% additional passengers and €52m/15.5% more commercial revenue in 2024. Dublin Airport's expected outturn for 2025 shows a larger variance in Opex, primarily reflecting the roll out of C3 security equipment, which the IAA has not adequately resourced in its forecast.

TABLE 4 TOTAL OPERATING COSTS

Total Operating Costs	2023 €'m	2024 €'m
IAA Forecast (Feb'22 Prices)	304.6	317.7
Inflation Adjustment (Actual Per CSO)	11.0%	13.3%
IAA Forecast (2023/2024 Prices)	**338.0**	**360.0**
Passthrough Adjustment	12.7	13.2
Adjusted IAA Forecast	**350.7**	**373.2**
Actual Opex	**355.9**	**380.0**
Variance	**5.2**	**6.8**
Variance (%)	**1.5%**	**1.8%**

Source: IAA

6.3.3 Outlined in Table 4, Payroll costs were €1.0m higher than the IAA forecast in 2024, while Full Time Equivalents (FTEs) were 168 higher. The FTE variance is primarily driven by frontline resources and increased resources in commercial, safety, IT, sustainability and regulatory functions. The additional 6% FTEs are compensated in 2024 by a lower average cost per employee than IAA forecasts. This reflects the very high proportion of new employees in Dublin Airport's workforce in both 2023 and 2024.

6.3.4 Non pay costs in 2024 were €5.8m (3%) higher than IAA forecast, reflecting increased investment in cleaning, increased PRM usage and increased costs related to commercial revenue (car park, lounge, payment processing costs) offset by moving some IT and marketing costs from non-pay to payroll costs.

TABLE 5 OUTTURN COMPARISON TO DUBLIN AIRPORT FORECAST

	Actuals		Forecast (2023/2024) Prices		Variance		% Variance	
Year	2023	2024	2023	2024	2023	2024		
Payroll	194	204	208	239	(14)	(35)	-7%	-14%
Non-payroll	162	176	183	188	(20)	(12)	-11%	-7%
Total Opex	**356**	**380**	**391**	**427**	**(35)**	**(47)**	**-9%**	**-11%**
FTEs	2,723	2,870	2,633	2,944	90	(74)	3%	-3%
Utilities	12.54	13.07	42.2	35.3				
Rates	29.19	29.61	18.5	18.2				
Non-payroll excl. Utilities & Rates	**120**	**133**	**122**	**135**	**(1)**	**(2)**	**-1%**	**-1%**

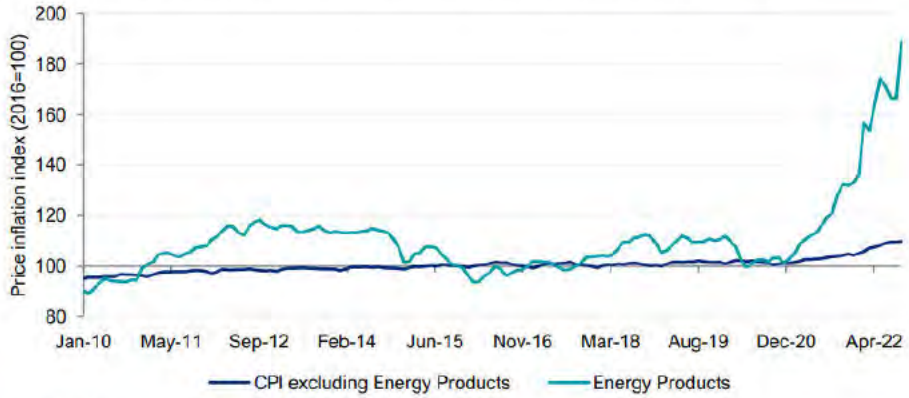
Source: Dublin Airport

Utilities

6.3.5 Utilities is the largest contributor to the difference between Dublin Airport's forecast and outturn data, contributing 40% to the total gap. The key differences between the IAA's approach at the 2022 Review and Dublin Airport's assessment were a combination of differing accounting approaches and IAA having the latest data available on energy prices. This is demonstrated in Figure 3 from CEPA/Think Aero's (TA) Opex report at the 2022 Final Decision.

FIGURE 3 EXHIBIT FROM CEPA/TA ON ENERGY PRICE INDICES AT THE 2022 REVIEW

Figure 14.1: Price indices of Energy Products and consumer products in Ireland more generally



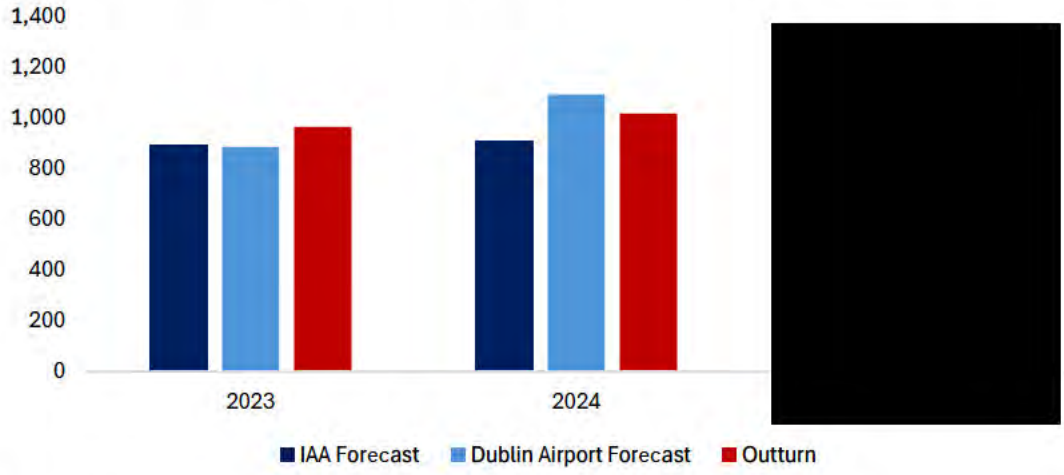
Source: CEPA analysis of CSI data

Security Staff

6.3.6 The second significant driver of differences between outturn and forecast expenditure over the 2023–24 period was security staff costs. The key driver of the difference is that the volume of staff hired by Dublin Airport over the period has resulted in an average tenure much lower than was projected both by Dublin Airport *and* the IAA at the time of the 2022 Review.

6.3.7 Figure 4 shows how Security FTE outturn values have evolved relative to Dublin Airport and the IAA's expectations. This shows that the combined impact of increasing the scale of the security operation from the lower-level prevailing in 2022 and the introduction of C3 machines, albeit with a somewhat delayed roll out, has had a much greater impact on the size of the staffing operation than projected by the IAA, or by the CEPA/TA exercise. The (unadjusted) forecast made by the IAA at the 2022 Review understates security FTEs by [redacted] in 2025.

FIGURE 4 FTE OUTTURN VALUES COMPARED TO DUBLIN AIRPORT & IAA FORECASTS



Source: IAA 2019 Determination

Conclusions

6.3.8 Beyond these sub-areas of Opex, we find that the residual gap between Dublin Airport projections and outturns is of a similar level to the IAA's underestimation of outturn Opex, and reflects the general uncertainty with making forecasts a number of years in advance. We note that the principal drivers of the gap between forecasts and outturns for both utilities and security staff is the price of energy and wages respectively. In a regulatory regime without within-period adjustment mechanisms to account for these external pressures, there will undoubtedly be deviations from projections made for multiple years in advance.

6.4 Safety & Security

6.4.1 Airport operation's primary goal is safety and security. This is not compromised, irrespective of cost. During the period to 2025, this has resulted in increased Opex across front line security resources required to operate the new C3 equipment to the security standards set out by the IAA and the queuing times expected by passengers and set out in IAA's service quality metrics (SQM) targets. Investment has also been made on the safety side. The IAA given its mandate of both safety and economic regulation is well positioned to apply a balanced approach that ensures the safety and economic regulation side of its organisation are satisfied with the resourcing levels across the Dublin Airport business and is consistent with any changes suggested through the Opex building block.

6.4.2 Dublin Airport has experienced a steady increase in operating expenditure driven by the implementation of evolving safety regulations.

- Updates to Regulation (EU) No 139/2014, including over ten amendments, have introduced new requirements across apron management, runway safety, low visibility procedures, and ground handling. These changes have required significant investment in compliance systems, staff training, and procedural updates.
- The introduction of European Aviation Safety Agency (EASA) Opinion 04/2023 in May 2024 further expanded mandatory safety reporting obligations, requiring more detailed submissions to the IAA via ECCAIRS ('European Co-ordination Centre for Accident and Incident Reporting Systems'). The Safety Office has had to enhance its reporting systems, restructure safety committees, and revise manuals to reflect these changes—resulting in higher administrative and personnel costs.
- The European Plan for Aviation Safety (EPAS) has placed greater emphasis on risk assessment quality and aerodrome surroundings protection. With a projected capital spend of €200 million in 2025, and €300–400 million annually thereafter, aligning with regulatory expectations has become a critical operational requirement.

6.4.3 Additionally, upcoming regulatory obligations will cause further increases in Opex for Dublin Airport, examples include:

- Commission Implementing Regulation (EU) 2024/894 and Delegated Regulation (EU) 2024/1400. This will necessitate further investment in digital infrastructure, inter-organisational coordination, and data analytics capabilities.
- A major future regulatory milestone is EASA Opinion 01/2024, which standardises Ground Handling operations across the EU. The associated ED Decision 2025/009/R will require ground handling service providers (GHSPs) to be licensed by the IAA, the airport must invest in systems and processes to monitor and support compliance.
- Beginning in 2026, as the designated roads authority under airport by-laws, Dublin Airport will be required to audit Traffic Management Plans annually. This new

responsibility will be managed by the Safety Team and will introduce additional compliance and resource costs.

6.5 Sustainability

6.5.1 daa and Dublin Airport are required to comply with mandatory climate-action reporting under five pillars of Governance of Climate Action, Emissions Measurement & Reduction; Emissions Valuation in Investment Appraisal; Circular Economy & Green Procurement; and Climate Related Disclosures. The New Era framework, which is overseen by the Department of Transport (DoT) and the Department of Environment, Climate and Communications (DECC) is linked to compliance with ESG legislation such as the Climate Action and Low Carbon Development Act, fit for 55 and EU directives (e.g. ReFuel EU, RePower EU). To ensure that Dublin Airport delivers on the New Era Framework, the Group has developed and is implementing its 2024 – 2030 ESG Strategy.

6.5.2 Dublin Airport and daa are working towards full compliance for corporate sustainability reporting directive (CSRD) and EU Taxonomy reporting in 2028, based on 2027 performance. In the future, daa may also be required to report under the Corporate Sustainability Due Diligence Directive (CSDDD). CSRD disclosures will require comprehensive data across all ESG metrics, and this will incur costs related to data collection, analysis reporting and gap closure activities. There will also be annual costs related to obtaining limited assurance from our independent auditors.

6.5.3 Daa is a participant in Business in the Community Ireland's Business Working Responsibly Mark and the Elevate Pledge, and the UN Global Compact and the Science Based Targets Initiative (SBTI) – all of which have ongoing additional administrative costs. These public commitments complement the existing New Era Framework requirements and enable Dublin Airport and daa to meet national and EU targets in place to progress towards Net Zero and transparent stakeholder reporting.

6.5.4 Recent EU instruments (AFIR, ReFuelEU Aviation, and related national policy) create ongoing operational responsibilities, not purely one-off infrastructure works, because they require continuous facilitation, supply-chain management, monitoring, reporting and operation of new systems (for example, FEGP availability, SAF facilitation and renewable electricity). These duties will generate enduring operating cost streams including staffing, energy contracts, monitoring & certification, maintenance and logistics that cannot be sustainably funded through ad-hoc capital allowances or intermittent pass-throughs. Treating these items as

eligible, monitored Opex aligns the determination with the emphasis that the regulator must "take account of" EU and national climate/sustainability obligations.

6.6 Operational Resilience Required Post 2026

6.6.1 Given the lessons from recent global disruptions, airports are placing greater emphasis on operational resilience. Dublin Airport may need to invest in contingency staffing, supply chain diversification, and business continuity planning. These measures, while not always visible, are essential for maintaining service levels during unforeseen events and add to the overall cost structure.

6.6.2 In planning for the future operational framework of Dublin Airport, it is essential that the IAA allows for sufficient operational resilience within its regulatory and oversight approach. This includes recognising the impact of increasing passenger volumes and congestion, the evolving regulatory landscape, and the intensifying use of existing assets. A resilient operating model is critical to ensuring that Dublin Airport can continue to meet national and international expectations while enabling the delivery of strategic infrastructure.

6.6.3 To ensure consistent service delivery and maintain operational resilience, it is recommended that security resourcing be forecast on an n+1 lane basis, allowing for one additional lane beyond the expected requirement to accommodate fluctuations in passenger volumes, equipment downtime, or regulatory changes. Similarly, across all operational areas, a buffer of 5% above the identified posts and roles should be incorporated into workforce planning. This approach provides flexibility to respond to unplanned absences, peak demand periods, and service recovery needs, while supporting the airport's ability to meet performance standards in a constrained and evolving environment.

6.7 Opex Mechanisms and Regulatory Structure

6.7.1 The principal drivers of the deviation between outturn and forecast expenditure over the current regulatory period have been input price costs with respect to utility (energy) prices and staff costs. Within the current regulatory framework, the only items eligible for the operating cost pass through mechanism are local authority rates and direct charges set out in legislation.

6.7.2 Dublin Airport's position at the 2022 Review was that more non-controllable cost categories should be brought within the scope of the Opex adjustment mechanism. Indeed, in our 2022

Regulatory Proposition we highlighted energy and security-related costs as relevant for inclusion within such a mechanism.

6.7.3 In line with the position, we set out as part of the last review, we consider that the existing Opex passthrough mechanism for rates and changes in legislation should be retained. However, we propose that the scope of this adjustment mechanism is expanded to account for:

- Changes in energy prices.
- Insurance premiums
- Incorporating evolving safety regulations and sustainability obligations into the Opex cost passthrough mechanism.

6.7.4 These meet the same criteria as rates, in that they are exogenous to Dublin Airport. By making an adjustment for energy prices, rather than including the entire utilities Opex category within the scope of the passthrough mechanism, Dublin Airport would retain an incentive to use power efficiently as its Opex out/under-performance will still be affected by its level of energy consumption.

6.7.5 It is standard regulatory practice to make an upfront (ex-ante) assessment of how the price of material factors such as energy could differ from current (real) levels beyond inflation. For example, in its H7 determination, the CAA adjusted its forecast of Opex based on anticipated input price inflation factors for wages, materials and power.

6.7.6 We also note precedent from other jurisdictions that introduce a broader scope of Opex protection. For example, AdP benefits from an overall 'cost sharing' mechanism for Opex that exceeds a certain level. Utility network companies (water, electricity and gas) in the UK have similar cost sharing arrangements for deviations in Opex above or below the cap.

6.8 Forecasting Opex for the 2026 Determination

6.8.1 The IAA is also consulting on the respective weights that should be placed on a top-down approach that considers elasticities and benchmarks against a bottom-up assessment based on aggregating granular line-by-line forecasts for each sub-category of Opex.

6.8.2 Given the current operational context of the airport, in general, greater weight should be placed on a top-down exercise. As the IAA highlights, bottom-up exercises require many assumptions each of which brings a significant degree of uncertainty. The IAA also highlights the risk of false precision that results from a bottom-up approach.

6.8.3 The area in which the IAA commissioned the most detailed bottom-up assessment at the 2022 Review was security staff FTEs. This exercise considerably understated the level of FTEs required to scale up Dublin's operations. Significant revisions would be required to bring the results of any future bottom-up assessment more in line with the operational reality, if such an assessment were to be used for the 2026 Determination.

6.8.4 Finally, we reject the IAA's hypothesis that efficiency incentives are dulled when outperformance is achieved in other areas such as Commercial Revenues. The obligation to operate efficiently is embedded in the governance and accountability structures of Dublin Airport and daa plc, and is not contingent on performance in other domains. Regardless of commercial outcomes, the airport continues to pursue operational efficiency through disciplined cost management, process optimisation, and continuous improvement initiatives. These efforts are fundamental to maintaining service standards, meeting regulatory obligations, and ensuring value for passengers and stakeholders.

6.9 Dublin Airport Request

Ask	Reason
Security resourcing should be forecast on an n+1 lane basis.	To ensure consistent service delivery and maintain operational resilience.
5% buffer above the identified posts and roles should be incorporated into workforce planning.	To ensure adequate resilience, particularly in an environment that is heavily impacted by construction and physical constraints.
Greater weight should be placed on a top-down exercise	Given the current operational context
OPEX passthrough mechanism for rates and changes in legislation should be retained and expanded to include; changes in energy prices, incorporating evolving safety regulations, sustainability obligations and increased insurance premiums.	These costs are exogenous in nature: These costs are externally imposed and not controllable by Dublin Airport, similar to local authority rates.

7. Commercial Revenues

Summary

In this chapter we consider commercial revenue per passenger in the current determination period, and how we expect it to evolve over the next charges determination period, based on a bottom-up review of the drivers for recent historical growth.

We then outline a number of relevant considerations with respect the next charges determination period and consider the approach to specific commercial revenue categories.

Key considerations include:

Approach to Forecasting

- Concession agreements and the terms of which will span more than one determination period.

Commercial Charges

- Regulatory treatment of Fast track which should be considered a commercial charge.
- US preclearance to remain a commercial charge due to its historical commercial nature and the offering it provides.

Question to the IAA: Question to the IAA: How does the IAA intend to roll forward the impact of one-off factors such as Brexit uplift on Retail and changes in long term car park capacity in their commercial revenue forecasts for the next determination period?

7.1 Commercial Revenue Overview

7.1.1 The IAA considers the following aspects of commercial revenue in its Issues Paper Consultation.[30]

- How outturn commercial revenue has differed from forecasts for the various commercial revenue categories since 2001.
- The distinction between categories of aeronautical and commercial revenues.
- The approach to forecasting future commercial revenues.
- An overview of the rolling scheme and whether it should be retained.
- Any significant changes/developments affecting commercial revenue that were not previously considered.

[30] IAA (2025), '2026 Determination of Airport Charges at Dublin Airport: Issues Paper Consultation', 29 July, p. 65, accessed on 28 August 2025 at: https://www.iaa.ie/docs/default-source/publications/corporate-publications/economic-regulation/2026-determination-on-airport-charges-at-dublin---issues-paper-consultation.pdf?sfvrsn=714ca45f_9.

7.2 Historical Commercial Revenues

7.2.1 The IAA characterises the evolution of commercial revenue over time into four distinct periods, as follows.

1. From 2001 to 2008, a relatively steady decreasing trend in commercial revenues per passenger, where passenger numbers are increasing while commercial revenue is stagnant or growing modestly. The implied elasticity over this period was 0.33.

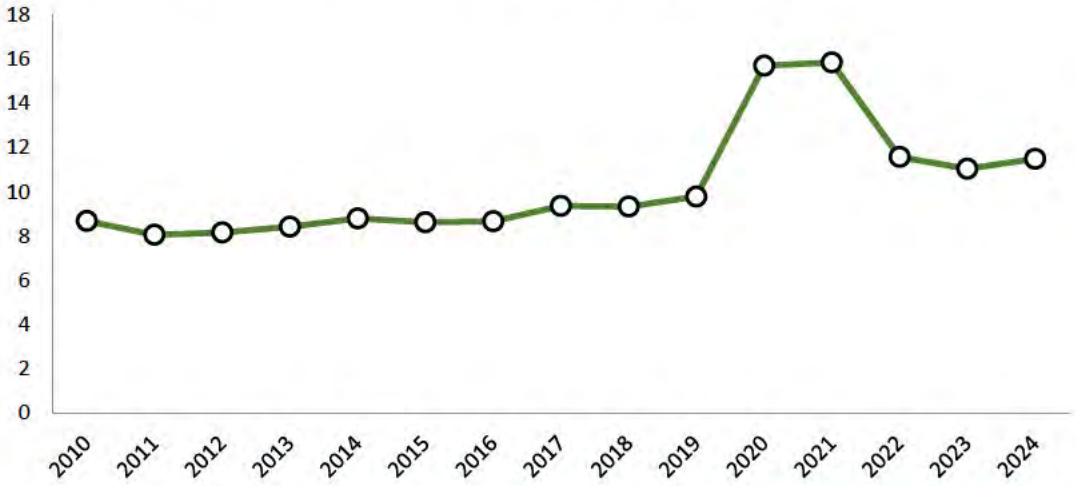
2. Following a drop in passenger numbers in 2009 and 2010, between 2010 and 2019 passenger numbers increased. At the same time, Commercial Revenues increased significantly, with the overall result being that Commercial Revenue per passenger increased gradually, to reach a similar level (in real terms) by 2019 as in 2001, with more than twice as many passengers. The beginning of this trend (2010) coincided with, and was likely related to, the opening of Terminal 2. The implied elasticity of over this period was 1.36.

3. Both 2020 and 2021 were outliers due to the pandemic. Despite Commercial Revenues per passenger increasing dramatically compared to 2019, total outturn Commercial Revenues fell by more than two-thirds.

4. From 2022 to 2024, we observed a reversion towards more 'normal' outturn Commercial Revenues per passenger. However, outturn per passenger remains considerably elevated relative to historic performance. The implied elasticity over this period was 0.97.

7.2.2 Figure 5 below sets out the data over this period that the IAA has used to come to its conclusion

FIGURE 5 DUBLIN AIRPORT'S COMMERCIAL REVENUE PER PASSENGER



Source: IAA (2025), '2026 Determination on Airport Charges at Dublin Airport: Issues Paper Consultation', 19 July, p.69.

7.2.3 Our interpretation of this data differs from the IAA's in several respects:

- Over 2001–19, Commercial Revenue per passenger has remained broadly stable, between €8–€10 per passenger. In fact, there were both small reductions and increases in commercial revenue per passenger over the period, and by 2019 commercial revenue per passenger was at nearly the same level as 2001 (in real terms).

- 2020 and 2021 were outliers as a result of COVID-19. However, this does not mean that the data is not relevant for understanding the relationship (i.e. elasticity) between Commercial Revenue and passenger numbers. The fact that significant categories of Commercial Revenue, such as commercial property, did not move in line with passenger numbers is clear evidence that the underlying drivers of these categories are different. In other words, while the pandemic and its impact on passenger numbers was a significant outlier, it does not necessarily follow that the relationship between passenger numbers and Commercial Revenue over the same period is irrelevant. Selectively omitting these years from calculations of elasticities would require more justification beyond just stating that this was an outlier period for passenger numbers.

- Dublin Airport came out of the pandemic period with a higher Commercial Revenue per passenger, but it has remained stable over the last few years—ranging between €11.00 to €11.50 between 2022 and 2024. A number of the factors that have led to this increase have stabilised or are expected to reverse in the next period.

7.3 Commercial Revenue Performance 2023 - Present

7.3.1 We note the actual Commercial Revenue reported in the IAA Issues Paper differs from that reported in the audited Regulated Entity Accounts for Dublin Airport. This relates to an inflation adjustment that has been applied by the IAA in comparing actuals to their own forecasts. For the avoidance of doubt, we have included a reconciliation of the actual commercial revenue numbers in the table below, these numbers are consistent with commercial revenue numbers reported throughout this document.

7.3.2 Commercial Revenues at Dublin Airport grew to €389m or €11.22 per passenger in 2024. This exceeded the IAA forecast (adjusted for inflation) by €52m. As detailed in Table 7 below, the primary driver of this variance (c. 90%) was due to Net Retail and Car Parking revenue. As referenced in the IAA Issues Paper (and further detailed below), there were specific circumstances that led to these revenue lines performing more strongly than expected, and these are not expected to continue going forward.

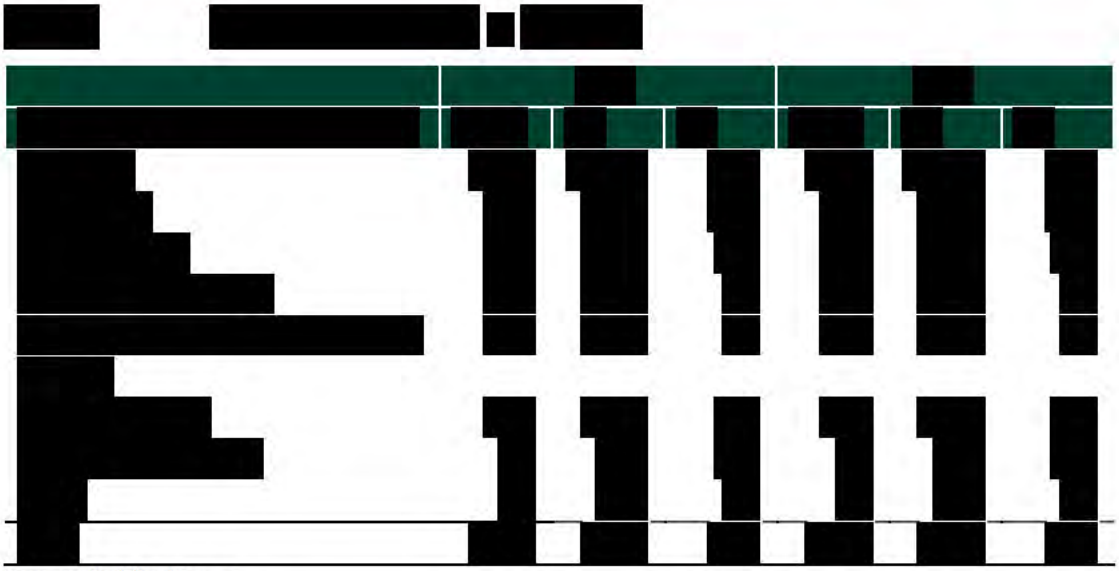
TABLE 6 COMMERCIAL REVENUE

Total Commercial Revenue	2023 €'m	2024 €'m
IAA Forecast (Feb'22 Prices)	276.2	297.1
Inflation Adjustment (Actual Per CSO)	11.0%	13.3%
IAA Forecast (2023/2024 Prices)	306.4	336.7
Actual Commercial Revenue	355.8	388.7
Variance	49.4	52.1
Variance (%)	16.1%	15.5%

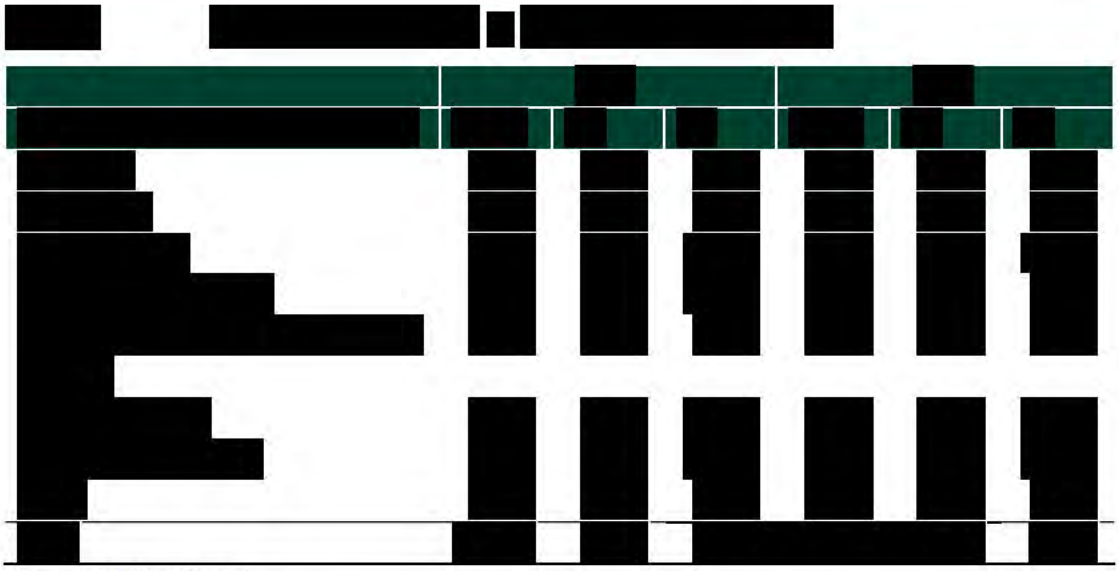
Total Commercial Revenue per Passenger	2023 €	2024 €
IAA Forecast (2023/2024 Prices)	€9.67	€10.02
Actual Commercial Revenue per Passenger	€10.61	€11.22
Variance	€0.94	€1.20
Variance (%)	9.7%	12.0%

Source: Dublin Airport

7.3.3 Tables 7 & 8 shows the revenue per passenger for each Commercial Revenue category compared to the IAA forecasts. Excluding retail and car parks (discussed in more detail below) the Commercial Revenue per passenger for other revenue lines in 2024 was in line with the IAA forecast (€3.90 vs €3.87). This trend is expected to continue for 2025 with forecast revenue per pax for these areas of €3.82 vs IAA forecast of €3.85.



Source: Dublin Airport



Source: Dublin Airport

7.3.4 Below we expand on the factors that led to differences between forecast and actual.

7.3.5 **Net retail revenue increased to €[redacted]m in 2024, €[redacted]m higher than the IAA forecast.** Included within Net retail are three distinct revenue streams: direct retail sales, food & beverage (F&B) concession income and retail concession income. The factors driving revenue in each of these categories are quite different are briefly explained below.

7.3.6 **Overview of Direct retail sales** – we directly operate airside duty-free and duty-paid retail outlets. These direct retail units are located within both terminals within the departure locations (including units in piers) along with a small unit on arrival within Terminal 2. Dublin

Airport has responsibility for staffing these stores and for all operational decisions, including stock procurement, in-store merchandising and selling of product. Our core product range includes alcohol, tobacco, perfume and cosmetics, confectionary, fashion and souvenirs. Perfume and cosmetics, alcohol and tobacco account for approximately 75% of Direct retail gross margin

7.3.7 **Direct retail sales (gross margin) was [redacted] in 2024** c. [redacted] higher than the IAA forecast. At the time of the last determination the IAA had estimated the step change in direct retails sales as a result of Brexit to be [redacted] however the actual impact has been far greater than this. The passenger average spend (PAS) on UK flights for the first half of 2025 was [redacted] higher than the equivalent period in 2023. PAS on Transatlantic routes increase by just [redacted] over the same timeframe.

7.3.8 **Overview of food and beverage concessions** – airside and landside food and beverage outlets are run by third party retailers under licence agreements awarded through competitive tenders. Unlike direct retail, operational decisions and operating costs are the responsibility of the concessionaire. Dublin Airport's F&B portfolio offers a strong and diverse mix of global, Irish, and mainstream brands across its terminals, tailored to passenger demographics and dwell times. There are currently 45 food and beverage units across the airport, operated by 10 concessionaires.

7.3.9 **F&B concession income was [redacted], [redacted]** higher than the IAA forecast. Dublin Airport has seen a step change in F&B income over the period with as we are nearing completion of a full transformation of F&B at the airport. In total 38 of 45 units have now been refurbished and are under new contractual terms following 5 competitive tenders. F&B income has more than doubled since 2019 as a result of the F&B transformation strategy with the new improved offering providing additional options to meet the ever-evolving needs of the passenger.

7.3.10 **Overview of retail concessions** – we also award licences to concessionaires who sell a wide range of retail products such as books, magazines, clothing, pharmacy and gifts. Our current concessionaires include brands such as Boots, In Motion and WH Smith.

7.3.11 **Retail concession income was [redacted] in 2024 [redacted]** the IAA forecast on a total revenue basis and 3% lower on a per passenger basis.

7.3.12 **Car parking** – Dublin Airport's car parks portfolio offers a strong and varied product range catering to both business and leisure passengers. The offering spans from the value proposition of Holiday Blue Long Term to the ultimate convenience of the new concierge Drop & Go product, with short-term car parks located adjacent to the terminal building. Customers benefit from the convenient location, helpful staff, and secure parking.

7.3.13 **Car parking revenue increased to [redacted] in 2024, €[redacted] higher than the IAA forecast.** As referenced in the **IAA** Issues Paper, a key driver of this revenue increase was the closure of the former 'QuickPark' competing car park in September 2020. This led to a reduction in long term parking available for users of the airport by around [redacted].[31] As would be expected in a competitive market, a short-term contraction in supply led to an increase in demand for Dublin Airport's car park and an upwards pricing correction in order to manage excess demand for car parking at the airport. This in turn led to higher commercial revenues for Dublin Airport.

7.3.14 Park2Travel began operating this car park again in March 2025 and is now operating close to capacity. This increase in car parking capacity has resulted in yield across Dublin Airport car parks reverting to normalised levels. On a per passenger basis Dublin Airport expects car parking revenue to be within [redacted] of the IAA forecast in 2025 down from c.[redacted] in 2024. Indeed, car parking revenue per passenger is forecast at [redacted] in 2025, lower than both 2024 [redacted] and 2023 [redacted]

7.3.15 **New product launch:** The Drop & Go car parking product was launched in April 2024, initially in Terminal 2 and has since been rolled out to Terminal 1 in 2025. This offers passengers a premium valet-style service that lets you drop off your keys and head straight to departures. The drop off locations are on Level 2 of Terminal 1's Car Park C and Level 3 of Terminal 2's Short Term Car Park. This new product has resulted in higher car parking revenues within the period however the associated costs were not included within the IAA operating cost forecast and performance should be viewed across both building blocks.

7.4 Approach to the Forecasting Commercial Revenues

7.4.1 As noted above, post-pandemic, Commercial Revenue growth has outpaced passenger growth for a number of revenue lines, particularly Net Retail and Car Parking.

- The IAA forecast for Direct Retail should be cognisant of how Brexit has resulted in a one-off step change as passengers are taking advantage of duty free shopping being available on Ireland-UK routes from January 2021[32]. We anticipate that the impact of this one-off step increase on customer spending habits will now stabilise.

- Car parking revenues in the period 2023 – 2025 have been impacted by the closure of the former Quickpark car park which boosted demand and revenues for car parks owned by Dublin Airport. However, with the recent reopening of this competing car park, we anticipate that revenues from Dublin Airport's car parking operation will reduce on a per passenger basis from the [redacted] achieved in 2024.

[31] CCPC (2024), 'M/23/011 – DAA plc / Certain Assets of Mr Gerard Gannon', 21 March, pp.2, 49.
[32] UK Government (2020), 'Duty Free extended to the EU from January 2021', 11 September, accessed on 28 August 2025 at: https://www.gov.uk/government/news/duty-free-extended-to-the-eu-from-january-2021.

7.4.2 Capacity constraints will continue to limit Dublin Airport's ability to grow revenue lines items in line with passengers.

7.4.3 In assessing the uplift in Commercial Revenue resulting from CIP projects, the IAA forecasts should be mindful to ensure there is no double count in revenues e.g. historic elasticities will already include the uplift from past commercial investments.

7.4.4 Consideration should be given to contractual positions Dublin Airport has agreed particularly concession agreements all of which have been through competitive tender process and the terms of which will span more than one determination period.

7.4.5 New revenue streams that are expected to come to fruition over the next regulatory period should also be factored into the commercial revenue forecasts. A good example of this is the new Terminal 2 linked hotel, with construction well under way this is expected to open towards the start of the next regulatory period.

7.4.6 The IAA's core approach should be based on a bottom-up analysis of key drivers rather than a reliance on historical elasticity relationships that may not capture structural changes.

7.5 Commercial Charges

US Preclearance

7.5.1 In 7.55 the IAA ask whether the regulatory treatment of US preclearance should be considered further. Dublin Airport does not believe this warrants further consideration as its current treatment of it not being an aeronautical charge is correct. The reasons provided by Dublin Airport in 2019 still hold.

- It's a commercial offering the definition of airport charges does not extend to commercial offerings.
- US preclearance gives airlines economic and operational advantages compared to passengers arriving in other international airports.
- It is not a monopoly provider of the US Preclearance – Shannon Airport also has it. Consistent with Recital 2 of the Airport Charges Directive (ACD) which provides member states with some flexibility in determining the scope of the ACD. The Irish Statute has defined an airport charge as related to:
    - *'a levy collected for the benefit of the airport managing body and paid by the airport users for the use of facilities and services, which are exclusively provided by the airport managing body and which are related to landing, take-off, lighting and parking of aircraft, and processing of passengers and freight.'*

Therefore, as per the ANTA, US Preclearance clearly does not qualify as an aeronautical charge as US preclearance is not exclusively provided at Dublin Airport.

- Dublin Airport does not manage, organise or provide the US Preclearance facility and thus is not conducting passenger processing and consistency of treatment is required for incentive-based regulation. Us Preclearance is provided by US Customs and Boarder Control (CBP) and hence is not provided by the airport managing body to meet the definition of an airport charge.
- US Preclearance required a substantial investment and business case from Dublin Airport, maximising the revenues from this service is necessary to justify its existence. Moreover, US preclearance is entirely optional and thus not an essential requirement for airlines that governs the ACD.

7.5.2 Dublin Airport would note that the IAA wrongly deciding to reclassify US Preclearance as aeronautical charges, would mean that Dublin Airport under instruction of the IAA would have two charges in their aeronautical charge's menu used almost predominantly by one single airport user. This would pose serious concern on non-discriminatory application of the ACD as this airport user due to rulings of the airport supervisory body would benefit from artificially lowered charges which other airport users cannot avail of at Dublin Airport (as this is not their hub) nor in other international airports and thus providing an unfair competitive advantage to this airport user, which is hardly consistent with the IAA's objective of serving the interest of current and future airport users. This would result in distortion of competition and a regulatory induced market failure from a regulatory intervention which arguably misapplies flexible regulation.

7.5.3 In 2024, CBP charges were [redacted] against the IAA forecast of [redacted] This was driven by both rate and volume. The rate per US embarking pax was lower than the forecasted rate [redacted] and the volume of US embarking pax was also lower (IAA forecast 2.1m versus an actual figure of 1.8m)

Fast Track

7.5.4 In 7.56 the IAA makes explicit reference to the regulatory treatment of Fast Track. As indicated by the IAA, Dublin Airport specifically expresses that it wishes the IAA to consider this issue further as part of the 2026-2031(32) Regulatory Determination Process.

7.5.5 Dublin Airport would emphasise that Fast Track should not constitute an aeronautical charge and instead be treated entirely as a commercial charge. A key issue in Fast Track has been the view of some parties that Fast Track is an aeronautical charge as it relates to the processing of passengers. This is contrary to how the majority of airport regulators also governed by the ACD 2009 treat Fast Track as commercial with the limited exceptions of Berlin Brandenburg and Copenhagen, whose wholesale charge is far higher than Dublin's. Moreover, such a view takes a reductionist and binary view to the regulation and Dublin Airport would argue misses what most European regulators implicitly acknowledge insofar that aeronautical charges apply to essential services. The regulation is not as prescriptive as parties may sometimes make it out to be and sometimes a more flexible and contextual application of the regulation

as done so by other regulators is necessary, not because they are applying it incorrectly, but rather because they acknowledge the nuances of the regulation.

7.5.6 What is being sold with fast track or express lane service as some airports call it, is not processing of passengers, but a quicker entry into airside from landside or reduced queue times. Therefore, Fast track does not constitute an airport charge as it is not selling passenger processing to airlines, but faster queue times. Fast Track does not alter the legally mandated central search security screening of passengers that airport users require to fly customers instead it is an optional premium commercial offering that airport users in addition to passengers can purchase if they want to provide cohorts of their passengers with reduced queue times.

7.5.7 Specifically, the definition of an airport charge under Paragraph 4 of Article 2 when used to justify Fast Track as an aeronautical charge is done so by viewing that section of the regulation in isolation. Specifically, when we consider the definition of airport charges in conjunction with Recital 1 of the ACD 2009 it becomes clear that the point of an airport charge is to help the airport recover the cost of providing services which enable air carriers to provide air transport services. Implicit in the regulation is that therefore airport charges are levying the services which are essential for an airline to operate. If the aim were to provide premium non-essential optional services, it would read as carriers to provide "premium" air transport services. Fast track does not meet this criteria. Moreover Recital 1 also states that "For this purpose airports offer a number of facilities and services related to the operation of aircraft and the processing of passengers and cargo which they generally recover through airport charges". The use of generally an indicative statement demonstrates that the directive even if we were to assume the assumption that Fast Track is defined as aeronautical revenue does allow for some aeronautical activity to be charged outside of aeronautical charges. However, again Dublin Airport reiterates Fast Track is not the processing of passengers but expediated queuing or express lanes and this is outside the remit of aeronautical charges.

7.5.8 The point being made here is that there has been continuous and extensive debate on the interpretation of what classification Fast Track falls under the ACD 2009 and the reality is that it is not as prescriptive and restrictive as some parties assert and the Directive does allow flexibility in how some charges are applied and interpreted. Given it is open to interpretation and arguably doesn't constitute and airport charge as accepted by a large share of other European Airport regulators, there is little reason as to why Fast Track should continue to be treated in part as aeronautical revenue to adhere with the most conservative, inflexible and divergent interpretation of the ACD when it comes to this matter or so that a minority of airport users can provide perks to their frequent fliers entirely subsidised by the airport managing body and in turn acting contrary to the interest of other airport users who do not avail of such benefits in their hub, which would not be pursuant with the objective of protecting the interest of present and prospective airport users. Dublin Airport sees merit in the IAA consistent with their Strategic Priority 4: Supporting Stakeholders to *"collaborate with*

other sectoral regulators in Ireland and other aviation regulators globally"[33] so to bridge the gap between the IAA's divergent view on Fast Track to date compared to the majority of European Aviation Regulators.

7.5.9 Article 10 specifically allows for commercial discretion for the airport by granting it freedom to set its own price for differentiated services – a classification of a commercial fast track service which provides airlines access with differentiated expediated queue times as an aeronautical charge is inconsistent with Article 10 of the regulation as by definition it constrains the airport managing body's freedom to set the price beyond the requirements of compliance with Article 3.

7.5.10 Dublin Airport therefore asks the IAA to commit to moving Fast Track outside of the regulatory till and to outline and justify its position on Fast Track in its Draft Determination.

7.6 Rolling Incentives

7.6.1 Dublin Airport remains supportive of the continuation of the current rolling schemes to ensure the Airport is incentivised to maximise commercial revenues irrespective of the stage in the regulatory cycle. Although the 10% cap is somewhat of arbitrary limit, it's not unreasonable in ensuring higher than expected outperformance is not rolled forward into future regulatory periods.

7.7 Dublin Airports Request

Ask	Reason
Consider concession agreements.	Terms span more than one determination period.
Fast Track to be considered a commercial charge.	Current regulatory treatment is not consistent application of ACD.
US preclearance to remain a commercial charge.	The US preclearance service is only relevant for airlines operating US transatlantic services, and it is also entirely optional for airlines; i.e. airlines can equally choose to post-clear on arrival in the United States.

[33] statement-of-strategy-2026-2028-consultation.pdf

8. Cost of Capital

Summary

The Cost of Capital is a key component of the price cap calculation as it has a material impact on Dublin Airport's ability to invest and, in turn, to achieve the IAA's statutory objective of serving the interests of current and prospective users and the IAA's Strategic Priority 3, 4 and 5. The rate of return investors require has changed drastically in a post pandemic environment and is prone to significant volatility in an increasingly macroeconomically uncertain world.

The IAA must ensure that its cost of capital methodology appropriately reflects the shift in market conditions that has occurred since 2022. Interest rates, which impact both cost of debt and cost of equity, have increased significantly and remain elevated. Therefore, the methodology should be crafted in a way that builds confidence through appropriately reflecting market conditions. This will enable Dublin Airport to raise sufficient capital and help unlock future growth at the airport. To achieve this, the IAA should ensure:

- The allowed return is able to capture current market conditions;
- Embedded debt costs are fully funded – including adequate allowance for additional borrowing costs; and
- That the cost of equity is suitably placed relative to key benchmarks such as regulatory decisions for other airports and utility networks in Ireland.

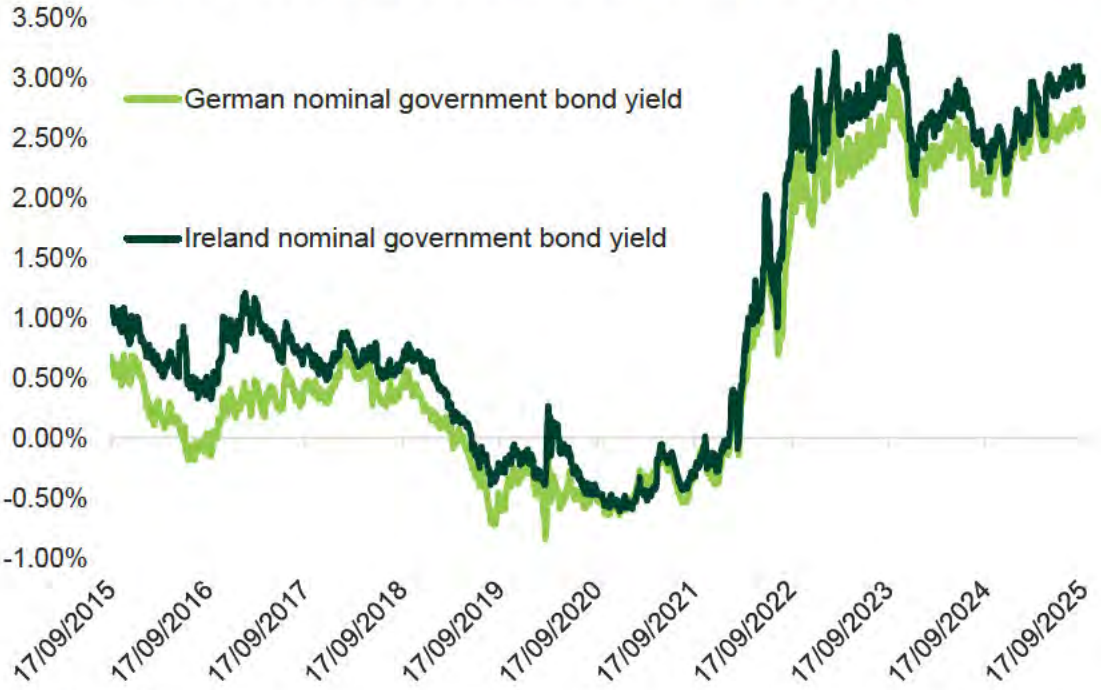
In this chapter we respond to the Consultation on issues relating to the Cost of Capital. This is split into two parts:

- First, we set out what we consider to be the **key context** and its implications for the methodology. This provides an overall view of the suitability of rolling forward the 2019/2022 methodology and the important issues that need to be considered.
- Second, we address the more detailed questions on **individual parameters** and data sources in the rest of the chapter.

Question to the IAA: How will the IAA ensure that the cost of capital methodology for the 2026 Determination reflects the post-pandemic financial environment—characterised by elevated interest rates, increased volatility, and heightened risk—while maintaining Dublin Airport's ability to raise capital, preserve its credit rating, and deliver critical infrastructure?

8.1 Key Context and Methodology Changes

FIGURE 6 IRISH AND GERMAN 10-YEAR NOMINAL GOVERNMENT BOND YIELDS



Source: LSEG

8.1.1 Since the 2019 and 2022 IAA Determinations, there has been a significant change to global capital markets conditions, with large increases in interest rates. Nominal Yields on 10-year Irish government bonds have recently been trading at close to 3.0%, compared to nominal yields that were negative for much of the 2019 to 2022 period.

8.1.2 Furthermore, there is evidence that the required returns have been increasing steeply for infrastructure assets since previous Decisions[34]. There is significant competition for infrastructure capital due to high investment needs across multiple sectors e.g. investment in renewables and electrification to meet climate change targets. Naturally, resulting in increased financial burden for Dublin Airport to raise capital to finance new infrastructure under its Capex programme.

8.1.3 The capital market conditions in the next Regulatory Determination periods therefore will likely not be reflective of those of the previous Determinations in 2019 and 2022. Hence, for the 2026 Determination, it is necessary to ensure that the methodology can appropriately reflect this shift in market conditions. A significant shift in capital market conditions warrants a review of the methodology for each parameter, but also a careful appraisal of wider

[34] For example, in the UK, Ofgem's infrastructure fund IRR cost of equity cross check has increased by 4.4% from a sample average of 6.3% at RIIO-2 to 10.7% at RIIO-3 in nominal terms. See RIIO-2 Draft Determinations – Finance Annex, Ofgem (2020) and RIIO-3 Draft Determinations - Finance Annex, Ofgem (2025).

benchmarks for cross-checking allowances, and a review of Dublin Airport's allowances against other sectors.

8.1.4 In turn Dublin Airport sees some elements of the previous methodology as more robust to managing these changes than others. We highlight these on a case-by-case basis in the subsequent sections. For the overall methodology for the 2026 Determination, it is critical that the allowed return is set in a way that builds confidence and is predictable. This will ensure Dublin Airport is able to raise sufficient capital and help enable future growth at the airport. To achieve this the key changes the IAA needs to consider are:

a) The allowed return captures current market conditions;
b) Embedded debt costs are fully funded – including adequate allowance for additional borrowing costs; and
c) That the cost of equity is suitably placed relative to key benchmarks.

8.1.5 Regarding *a)* given the large shift in capital market conditions that has occurred, it is vital that the methodology is adapted to reflect the new realities of attracting and retaining both equity and debt capital. This needs to be explored in detail for all parameters, but there are some points of particular emphasis that need to be accounted for:

1. For **Total Market Returns (TMR):** even though there are stability and predictability benefits to continuing to draw on long-run historical averages as a key source; these averages may not capture prevailing market expectations (and could lead to an under-estimate of required equity returns) at times when interest rates are high. It is therefore important to retain the use of other tools that can provide a perspective on where market requirements are relative to those long-run benchmarks. Evidence based on the DGM (Dividend Growth Model), if estimated robustly, can provide useful information to complement the long-run historic average estimates.
2. For **parameters**, such as the **risk-free rate (RFR) and the cost of new debt**, averages from more recent times should be used to reflect the structural change experienced in the current market conditions. Drawing upon a different period for the global economy – specifically, interest rate data from pre-2022 era which is now no longer relevant – could lead to issues accessing capital markets on an ongoing basis in the next price control period and in turn work against the IAA's Strategic Priorities 3 & 5.
3. **Country specific risks** should continue to be accounted for through the use of the Irish specific data where appropriate, even if market conditions are broadly similar across the Eurozone. Therefore, Irish bonds should still be used to inform the RFR.

8.1.6 We provide further detail on *b)* and *c)* in their respective sections in cost of debt and cost of equity respectively. The rest of this chapter address the more detailed consultation questions on individual parameters and data sources as follows:

1. Cost of Debt

2. Cost of equity
3. Aiming Up
4. Gearing

8.2 Cost of Debt

8.2.1 To build confidence and predictability it is important to fully renumerate Dublin Airport's debt costs including additional borrowing costs. We discuss each component of the cost of debt below.

Cost of embedded debt

8.2.2 Dublin Airport's view is that the current broad approach of estimating the cost of embedded debt based on Dublin Airport's actual debt book and estimating the cost of new debt based on external benchmarks is broadly appropriate and should be maintained from the 2022 methodology. For the upcoming period these embedded costs should be funded in full as the debt was raised efficiently and there is no longer scoped to change performance in this area.

8.2.3 Dublin Airport has a strong incentive to raise new debt efficiently due to the fixed cost of debt forecast that is used at the time of Determinations. This incentive property is noted by the IAA in Section 4 of the Issues Paper. Over time, this efficiently raised new debt becomes the embedded debt of the airport. If the cost of debt allowance does not cover these costs in full then it would undermine investor confidence without the room for any additional efficiency gains.

8.2.4 Moreover, it is important that the approach for estimating the cost of embedded debt reflects the embedded debt cost across the entire upcoming regulatory period. This means that less weight should be placed on debt that either matures or amortises over the course of the regulatory period. If the cost of embedded debt is estimated based on a snapshot at the time of the decision, this risks providing an inaccurate allowance relative to the actual costs the business will face over the regulatory period.

Cost of new debt

8.2.5 We consider that the existing approach to estimate the cost of new debt remains appropriate. Using external benchmarks such as the iBoxx indices provides incentives to issue new debt efficiently, but a robust assessment is needed in relation to which iBoxx indices are most suitable.

8.2.6 Our initial view is that for the cost of new debt averages of the most recent iBoxx yields provide a suitable figure for the cost of new debt. For example, averaging yields over a period of one-month or three months. This balances the need for an up-to-date observation, in order to reflect relevant market conditions, while avoiding the short-term daily volatility.

Nonetheless, we emphasise that a careful review of the data, alongside an understanding of debt market conditions, is required to inform a balanced position on the cost of new debt.

Regulatory risk sharing mechanisms

8.2.7 In paragraph 4.60 of the Issues Paper, the IAA discusses possible mechanisms to index the cost of debt. We do not agree with some of the IAA's characterisation of the weaker incentives under the different indexation options set out. However, we don't explore those in depth in this response given that the IAA does not propose adopting a specific cost of debt indexation approach.

8.2.8 Mainly, we emphasise that if indexation were to be considered, detailed consultation on the costs, benefits and methodological details would be required. This is because there are a range of different approaches taken to indexation across other jurisdictions, each with advantages and disadvantages that would need to be assessed.

Additional borrowing costs

8.2.9 It is critical that the IAA includes an appropriate allowance for additional borrowing costs as these costs are not remunerated elsewhere in the price control.

8.2.10 One category of additional borrowing costs, which have been recognised by the IAA in previous decisions, are issuance costs. But there are other categories associated with debt raising that also need to be included. Specifically, liquidity costs and the cost of carry. These are actual costs incurred by Dublin Airport as well as other infrastructure businesses, and there is strong regulatory precedent in other jurisdictions for including an allowance for these costs as part of the cost of debt. We summarise some of this precedent in Table 9 below.

TABLE 9 REGULATORY PRECEDENT FOR ADDITIONAL BORROWING COSTS

Regulator	Price control	Additional borrowing cost allowance	Items included
CRU	PC5	10-20 bps	Issuance costs
CRU	PR5	10-20 bps	Issuance costs
CAA	H7	25 bps	Issuance and liquidity costs
Ofgem	RIIO-2	20 bps	Issuance, liquidity (including cost of carry)
Ofwat	PR24	15 bps	Issuance, liquidity (including cost of carry)

Source: CRU, CAA, Ofgem, Ofwat

Note: We have excluded 5 bps from Ofgem's RIIO-2 allowance of 25 bps to account for the CPIH risk mitigation which is not relevant for daa.

8.2.11 There is clear regulatory precedent for additional borrowing cost allowances that includes both these cost categories such as decision from Ofgem, Ofwat and the CAA. While not explicitly accounted for as an individual item in its PR5 and PC5 decisions, CRU have

acknowledged the liquidity and cost of carry are real costs faced by the businesses and have accounted for it in the PR6 Draft Determination, either within the cost of debt or other parts of the regulatory framework.[35]

8.2.12 Issuance cost allowances cover items such as bank and legal fees when raising debt. In addition to these costs businesses need to maintain sufficient liquidity. This is particularly important when refinancing debt that is about to mature as it is important to have sufficient liquidity in the business so that bond holders are reassured that they will receive the principal payment. Maintaining this liquidity, either through maintaining a revolving credit facility (RCF) and/or issuing debt in advance of financing imposes a cost to the business that should be accounted for in the additional borrowing cost allowance.

8.2.13 In addition to re-financing, where additional debt is needed for asset base growth then the minimum size of bond that can be efficiently raised, to avoid excess issuance costs, is a further consideration. Businesses often raise a lump sum of debt, suited to bond market sizing, which is then deployed in the business over time. While holding the cash proceeds of the bond, there is a cost of carry to the business as the coupon payment on the debt is greater than the deposit rate it can achieve on the holdings. This cost should also be included in the additional borrowing cost allowance.

8.2.14 Irrespective of the exact approach to calculating these costs, it is necessary for efficiently incurred additional borrowing costs to be covered. And an assessment of these costs needs to include both liquidity costs (including carry costs) and issuance costs.

Proportion of new debt

8.2.15 A key element to review for this Determination is the proportion of new debt. Due to changes in capital market conditions, the allowed return on new debt is now likely to be higher than the allowed return on embedded debt which was raised during a period of lower interest rates. Therefore, if the proportion of new debt is underestimated, there is a significant risk that the overall allowed return on debt is insufficient to cover the financing costs required to deliver Dublin Airport's Capex programme over the upcoming regulatory period.

8.2.16 It is important that the proportion of new debt calculation is based on a clear understanding of both the capex plan and the re-financing profile for Dublin Airport in the upcoming price control period, which additionally would ensure alignment with IAA's Strategic Priority 5.

Inflation

[35] For example, see, PR6 Cost of Capital Estimation, CEPA (2025), p40.

8.2.17 Dublin Airport deems it is pivotal that an appropriate inflation assumption is used when converting nominal debt costs into real terms. An appropriate assumption should be longer term in nature, matching the longer-term nature of debt-financing at the airport. We also consider that differences between Irish and Eurozone inflation rates should be reviewed, as persistent differences between the two become relevant where the asset base is linked to Irish HICP ('Harmonised Indices of Consumer Prices). This is something considered recently by the Commission for the Regulation of Utilities (CRU) in its determinations.

Overall Conclusion on the cost of debt

8.2.18 Our view is that the broad approach of estimating the cost of embedded debt based on Dublin Airport's actual debt book and estimating the cost of new debt based on external benchmarks should be maintained. The approach to estimating cost of new debt should reflect current capital market conditions which can be achieved by using averaging periods that are more recent and reflect the structure change in today's market.

8.2.19 Fully funding embedded debt costs is key to build confidence and predictability which will enable future growth. This requires recognising and including an allowance for all relevant additional borrowing costs.

8.3 Cost of Equity

8.3.1 Dublin Airport considers that the capital asset pricing model (CAPM) methodology remains appropriate as the primary tool for estimating the cost of equity. Notwithstanding that, the outputs from the model should still be benchmarked to provide a sense-check. This is to ensure that the methodology yields allowances in line with other jurisdictions and decisions made by other aviation regulators. The allowance should logically reflect the relative risk of aviation vis-à-vis other regulated sectors across Ireland.

8.3.2 The CRU's PR6 determination provides such a benchmark. The cost of equity of the 2026 Determination of the IAA should be higher than that of the CRU, since airports in comparison to utilities (energy networks) are generally viewed as having greater exposure to systematic risk. In particular the asset beta for Dublin Airport should be higher.

8.3.3 Subsequently, it naturally makes sense for the IAA to also consider sector specific evidence as a cross check. Hence, the IAA should consider other regulatory decisions in the aviation sector across Europe. This is most relevant for the beta estimate which captures sector specific risk. Careful consideration of the regulatory regime is required though, to examine whether comparisons to Dublin Airport are like-for-like.

8.3.4 More widely, evidence on returns from infrastructure assets could help test whether figures being produced by CAPM are leading to reasonable conclusions. Understanding the financing

environment for infrastructure is relevant as airports compete for capital with a range of other investments opportunities that investors can deploy capital into.

Risk-free rate (RFR)

8.3.5 A key question the IAA pose in this section is what averaging period to use for the RFR. Given the context as detailed previously throughout this chapter, an averaging period for RFR that includes pre-2022 data risks capturing data that is no longer reflective of capital market conditions. Since the previous Determinations, there has been a shift from a monetary policy environment where nominal interest rates were negative to one where they are expected to persist at materially higher levels. This is true of both Irish and German government bonds; and more broadly is a trend across government bond markets in many advanced economies.

8.3.6 Forward curve data suggests that the market does not expect interest rates to return to pre-2022 levels. Currently, European Central Bank (ECB) data suggests that the average of the 10 years forward rate for the 2027-2031 period is 0.60% higher than the current spot rate for AAA euro area bonds and 0.81% higher for all euro area government bonds.

8.3.7 We consider that continuing to review Irish government bonds alongside German bonds will be an important way of capturing any country-specific risks that would also be relevant for Dublin Airport.

8.3.8 We therefore suggest that the IAA continues to set the RFR in line with the 2022 methodology which used both Irish and German government bonds and relatively short-term averaging periods. For example, averaging yields over a period of one-month or three months, in line with the averaging period for the cost of new debt. We consider this approach captures current market conditions as well as country specific risks which are relevant to Dublin Airport.

Total Market Returns (TMR)

8.3.9 We consider that it remains appropriate to estimate the equity risk premium (ERP) as the difference between the TMR and the RFR. There is ongoing regulatory support for this approach in recent decisions in other sectors, and an ongoing focus on TMR helps support regulatory stability and predictability. As noted by the IAA in the Issues Paper, the TMR is generally more stable than the ERP. So, when considering a 5-year regulatory period, there are benefits to focusing on TMR instead of ERP.

8.3.10 When estimating the TMR, the IAA should continue to place weight on long-run historical evidence – this helps provide regulatory stability and predictability. The DMS dataset provides a consistent reference point for taking such long-run historical averages. We consider the IAA's current approach of considering both Irish and European evidence is appropriate. However, we do not agree with the specific data series used to capture European returns.

8.3.11 The data on composite European returns in the DMS data includes non-Eurozone countries. We do not consider data from these countries to be as relevant to the Irish market as Eurozone countries. CRU, in its Determinations, has an alternative approach to capturing European returns which instead uses the median of the returns from the 10 Eurozone countries in the Driver Monitoring System (DMS) dataset. Our view is that this is an improved approach to capturing European returns which should be implemented by the IAA too.

8.3.12 Having set out our views on long-run historical information, we also wish to highlight that there are risks in relying solely on long-run historical averages to set TMR. Mainly because this implies a largely fixed TMR value from one price control to the next. In practice market conditions change, and taking some account of those changes is important for supporting ongoing investment at the airport. Specifically, given the very large increase in interest rates since the last price review, we would expect the TMR also to have increased—but the scale of this increase is unlikely to be fully captured by incorporating an additional three years data within a long-run average of returns taken from the past 120+ years. For this reason, the IAA should also continue to consider forward looking dividend growth model (DGM) evidence where it has been estimated on a robust basis.

8.3.13 The IAA used DGM to inform its estimates at the last decision. We agree that DGM models can potentially be informative as they provide an estimate of expected market returns that is more reflective of current market conditions and expectations. But, in order to support confidence and predictability, it is important that the DGM evidence used is robust. We consider that there are several areas where the DGM specification can be improved, relative to the 2019 and 2022 decisions. Specific improvements include:

- Using actual dividend forecasts from financial data providers;
- Using more frequent data e.g. daily or monthly;
- Using a broader market index; and
- Making appropriate allowances for share-buybacks as a source of cashflows to investors.

8.3.14 Similar modelling steps are taken by other regulatory bodies, such as central banks, when looking to understand equity market trends. We consider that these represent best practice.

8.3.15 In conclusion, we agree that the TMR should continue to be estimated directly rather than the ERP since there is evidence it is more stable. We consider DGM evidence is important to complement long-run averages as it gives a market perspective to test the suitability of the long-run estimates with the historical averages acting as an anchor point for the purposes of regulatory stability. However, methodological improvements should be made to past DGM estimations provided to the IAA in order to align with best practice and improve reliability of the estimates.

Beta

8.3.16 Estimating the equity beta for Dublin Airport is challenging given:

- volatility in the aviation sector over the last several years following the pandemic; and
- the imperfect nature of available comparators.

8.3.17 As noted by the IAA in the Issues Paper, the pandemic had a particularly large impact on aviation stocks which caused the betas that use data from that period to be higher than other years. While we agree that there is now some post-pandemic data that can be useful when estimating beta, it is important to not completely discount data from this period for the reasons outlined above.

8.3.18 Evidence from the past indicates that it is likely that the aviation sector will periodically experience shocks like pandemics (COVID-19) or economic crises (Global Financial Crisis or Eurozone Sovereign Debt Crisis) again in the future. Omitting these entirely poses the risk of underestimating the equity beta.

8.3.19 There may be no ideal time period from which to draw beta observations from. Given this challenge, the IAA should not solely rely on post-pandemic data to estimate the equity beta, and instead place weight on a wider range of estimation windows. Considering a wider range of data avoids placing too much weight on a period of data that may not be representative of forward-looking risk, whilst acknowledging that market shocks are likely to continue to occur. As more data becomes available in the lead up to the Final Determinations this will need to be carefully reviewed alongside past data points.

8.3.20 With regards to comparators Dublin Airport would stress that a suitable comparator must:

- Have sufficient similarities in terms of regulatory and business risks. While there are possible comparators based in Europe, there are inevitable differences in the regulatory regime that these businesses face, the extent of diversification of these businesses. This means scrutiny is required in selecting comparators that are sufficiently similar.
- Be able to pass a number of liquidity tests. There are a number of data points that should be reviewed in order to obtain a rounded view of the liquidity of a stock. Reviewing this data is essential, as stocks with poor liquidity can produce bias beta estimates.

8.3.21 We do not consider that the previous comparator set drawn on by the IAA is suitable. Both for reasons of regulatory and business risk, as well as liquidity issues, in other words they did not satisfy the aforementioned necessary criteria for a suitable comparator. For example, Copenhagen and Vienna airports both have a very low proportion of their shares traded on the stock market, which suggests that there may be liquidity issues that bias these estimates[36].

[36] Copenhagen and Vienna airports have free float percentages of 1% and 6% respectively according to data from LSEG.

8.3.22 Dublin Airport thus underscores that there is a lack of suitable comparators for Dublin Airport from which to estimate the asset beta, meaning there is a limited set of airports available to estimate the beta for Dublin Airport. We would therefore welcome early engagement on the most appropriate set for the 2026 Determination. For the comparators that do pass the suitability criteria, there will need to be judgement applied for the weighting applied to each comparator with a clear rationale underlying that assessment.

8.3.23 To complement the data led estimation, the IAA should consider other regulatory decisions when setting the equity beta. For asset beta, other regulatory decisions in aviation such as the CAA's regulation of Heathrow and national air traffic services (NATS) and the regulation of AENA in Spain should be considered as a cross-check to ensure that Dublin Airport's cost of equity is suitably aligned. These decisions provide useful information to benchmark Dublin Airport's asset beta, but it is important to note that they need to be taken in the Dublin Airport context since these airports face different risks due to varying capacity constraints, traffic mix and regulatory mechanisms such as traffic risk sharing. We note that there are overlapping timetables between Heathrow's H8 determination and the DORA III determination for AENA, meaning that information on the values used in these Determinations will emerge between now and late 2026.

8.3.24 Such regulatory Determinations from other sectors can provide useful reference points too. We consider it important to cross-check asset beta values against those used in other regulated industries such as utilities. The asset beta values for aviation should be significantly higher given the volume risk that airports are exposed to via their regulatory regimes. Where an airport comparator asset beta overlaps with the ranges used in these lower systematic risk industries, it should create concern about the reliability of such data points.

Overall Conclusion on Cost of Capital

8.3.25 As with the cost of debt, it is important to set the cost of equity in a way that will reflect capital market conditions. This requires:

- accounting for country specific risk in the market parameters;
- using more recent averages for the RFR; and
- giving some consideration to DGM based estimates when estimating the TMR.

8.3.26 The IAA should also draw upon other regulatory decisions as a cross-check when setting the cost of equity. In particular, CRU's determinations provide a useful comparison for the market parameters and other regulatory decisions in aviation across Europe can inform the IAA's estimation of beta.

8.4 Aiming up

8.4.1 We agree with the IAA's assessment that the possible effects of underestimating the WACC would have more serious risks than overestimation. This is because the allowed rate of return shapes the incentives for investment and the ability of the airport to attract finance. If the allowed rate of return is set below the market cost of capital, Dublin Airport will be unable to attain adequate financing and falls into underinvestment and stunting future growth and development. This underestimation risk is heightened by the uncertainty and challenges around estimating the beta parameter which has a large impact on the allowed return.

8.4.2 This is especially relevant since Dublin Airport would stress that investors have since the onset of the pandemic experienced extremely large shocks in the aviation sector and these perceptions of heightened risk from another pandemic are likely to be enduring. However, the beta data may very well not capture this, particularly where data chosen omits the months more acutely impacted by the pandemic Therefore, we see the risk of underestimation in the cost of equity to be significantly higher than it was in previous price control periods.

8.4.3 Consequently, as the IAA itself notes, underestimation of the WACC can lead to disincentives to invest which would hinder Dublin Airport's aim of future growth as well as IAA's Strategic Priority 5: Supporting Innovation and Growth. As we set out in the Key Context section, we consider it imperative that the regulatory regime enables future growth. Maintaining the aiming up uplift is fundamental to achieving this overall aim.

8.4.4 Additionally aiming up supports wider regulatory stability where parameters are applied consistently over time. In fact, Dublin Airport would accentuate that there is regulatory precedent in Ireland for aiming up, with the CRU aiming up in both the PC5 and PR5 price controls. It has maintained this position in the PR6 DDs.

8.4.5 A final paramount reason for aiming-up is the presence of asymmetric risk. In a price control period where there are capacity constraints upsides can be limited. On the other hand, there can still be very significant downside risks – for example, large adverse traffic shocks. Where risk sharing mechanisms do not mitigate these downsides, a clear asymmetry arises. Hence, this is yet another reason to continue to include an 'aiming-up' allowance for the 2026 Determination.

8.5 Gearing

8.5.1 We agree that the gearing assumption should be set on a notional basis in line with the existing methodology. There are a number of data points that can be reviewed to understand what an appropriate notional assumption should be. This includes:

- Actual gearing levels adopted across a range of airports – for example, focusing on those airports that are able deemed to be suitable beta comparators. The actual gearing of Dublin Airport can also feature as an observation.
- Notional gearing assumptions from other regulatory decisions, both in aviation across Europe and for other sectors in Ireland (noting they will have various levels of systematic risk).

8.5.2 Where there is a wide range of gearing levels produced from different data sources, then the IAA could consider adopting a range rather than a single point estimate when calculating overall WACC ranges.

8.6 Dublin Airport Request

Ask	Reason
The allowed return captures current market conditions	To ensure Dublin Airport is able to raise the amount of capital needed to finance growth and achieve IAA's Strategic Priority 3, 4 and 5.
Embedded debt costs are fully funded – including adequate allowance for additional borrowing costs	Costs such as liquidity costs and cost of carry are incurred when Dublin Airport raises debt, but they are not allowed for in the Price Control.
That the cost of equity is suitably placed relative to key benchmarks	It is important to account for sector and country specific risk to help ensure that the cost of equity has not been underestimated which in turn negatively impacts Dublin Airport's ability to finance growth. Aviation stocks for example are riskier than utilities so the cost of equity invariably should be higher for an airport.
If the IAA intends to consider debt indexation, then it should provide detailed consultation on the costs, benefits and methodological details as well as explain how it proposes to implement such an approach.	There are a range of different approaches taken to indexation across other jurisdictions, each carrying advantages and disadvantages. For these to be duly assessed, information on how indexation is proposed to work is required.

9. Capital Expenditure

Summary

As air traffic at Dublin Airport increases, so too does the required infrastructure investment. CIP27 is a targeted, service-led investment programme that enables Dublin Airport to meet processing needs through 2032, enhancing passenger experience and operational performance while maintaining a safe, secure and sustainable environment for passengers, staff and airlines. The programme will support Ireland's connectivity and competitiveness.

All proposed investments are anchored to clear airline and passenger outcomes—including queue-time resilience, improved on-time performance, increased aircraft stand and gates availability (especially for CBP-enabled operations), and faster connections. To achieve this, the IAA should consider:

- Implementing a series of StageGate process reforms to ensure the framework remains focused on supporting large and complex projects as originally intended.
- Introduction of a third trigger point at the start of the regulatory period for certain essential projects.
- Indexation of escalation elements to a recognised construction price index rather than ex-ante uplifts.
- Sustainability treated under the appropriate mechanism. Remuneration should follow the standard approach with respect to regulatory asset base (RAB) treatment.

Question to the IAA: How will the IAA manage an appropriate level of ex-ante capex funding with the application of triggers? Will the IAA consider introducing a third trigger point for certain large projects?

9.1 Capital Expenditure Overview

9.1.1 The Dublin Airport Capital Investment Programme (CIP) 2027 engagement is well underway with significant airport user engagement already having taken place to inform priorities on the content of the forward capital development for Dublin Airport. This has included:

- Proactive early engagement with Airlines and Stakeholders in early 2025 for feedback on their priorities and needs during the CIP27 period at workshops hosted at Dublin Airport.
- Continued engagement with Airlines and Stakeholders at follow up workshops throughout 2025 to demonstrate our proposed solutions to their needs as well as those of DAP and to get feedback on same for the CIP27 period.

9.1.2 It is anticipated that the CIP engagement will continue with:

- A formal consultation with Airport Users on our proposed CIP which scheduled to take place on November 25th and 26th 2025 at Dublin Airport.
- Through written observations from Airport Users on our proposed CIP using our dedicated email address CIP27@dublinairport.com which will help guide us in finalising our submission to the IAA in 2026.

9.1.3 The final CIP, reflecting the comprehensive engagement with all airport users, the IAA and broader key stakeholders will be in place alongside the detailed Regulatory Proposition Business Plan in early 2026.

9.1.4 Major infrastructure upgrades include the extension of the Terminal 2 check-in hall, Integrated Transport Hub, addition of new piers and gates, expansion of US Preclearance facilities, and the construction of additional aircraft stands. Terminal 1 will undergo modernisation of its check-in and immigration areas, while Terminal 2 will benefit from expanded baggage sorting systems, additional lounge space, and improved transfer facilities.

Exhibit 1 *– Integrated Transport Hub Site Layout (Indicative)*

9.1.5 Dublin Airport is of the view that the Integrated Transport Hub should be part of the Regulated Asset Base. If lands associated with the development of the Transport hub, could be utilised for non-aviation purposes we may need to consider the regulatory till treatment.

Exhibit 2 *– Cross-section of the proposed Integrated Transport Hub (Indicative)*

9.1.6 Dublin Airport is actively preparing to enhance the passenger experience while ensuring a safe, secure, and sustainable environment for both our staff and passengers consistent with *IAA Strategic Priority 1: Enhancing regulatory performance in safety and security*. Several projects are being sized to lay the groundwork for long-term growth, ultimately working towards a balanced capacity between both terminals, along with their associated piers, gates, stands, and the airfield and runways.

9.2 Project Envelopes

9.2.1 Similar to previous CIP submissions, we have divided the proposed projects into several project envelopes, namely Sustainability, Airport Development, Commercial, Asset Management, Security, IT, and Other.

Sustainability

9.2.2 Sustainability is embedded across all development projects to support our net zero by 2050 commitment and the 51% Scope 1 and 2 emissions reduction by 2030, in line with national climate policy and EU directives. This includes specifying high-performance building fabric, efficient heating and cooling systems, and low-energy equipment.

9.2.3 The Sustainability envelope focuses on standalone initiatives that deliver measurable environmental benefits, such as on-site renewable energy generation, low-carbon heating and electrification, airside fleet electrification and charging infrastructure, and projects targeting mobility, biodiversity, and habitat enhancement. Each major project will include

indicative outputs (e.g., MW of renewable capacity, MWh saved, tCO_2e avoided) and reference relevant policy drivers (e.g., Climate Action and Low Carbon Development Act 2021, EU Energy Performance of Buildings Directive).

9.2.4 These initiatives complement the wider CIP27 programme by reducing operational emissions, improving resilience, and ensuring compliance with evolving sustainability standards.

Airport Development

9.2.5 The Airport Development envelope focuses on core passenger and airfield infrastructure to enhance efficiency, resilience, and service quality. Projects include Terminal 2 check-in hall extension, new and expanded piers and gates, additional contact stands, and upgrades to baggage systems and transfer facilities.

9.2.6 These investments are designed to minimise queue times, improve on-time performance, and increase gate and stand availability, particularly for CBP-enabled operations, while maintaining operational flexibility during construction. The envelope also supports future phases of the Dublin Airport Masterplan, ensuring that near-term works integrate seamlessly with long-term development objectives.

Commercial

9.2.7 The Commercial envelope delivers modern, high-quality services for passengers and airport users, supporting a positive travel experience and operational efficiency across the campus. These initiatives also generate non-aeronautical revenue, which helps reduce passenger charges under the single till mechanism.

9.2.8 Projects include retail and food & beverage enhancements, airline lounges, and landlord facilities for airport-related partners such as handlers and airlines. In addition, surface access improvements—including new and upgraded car parks and car rental facilities—provide alternative options for passengers and staff who cannot use public transport, improving overall accessibility.

9.2.9 Larger product-enhancing initiatives aim to upgrade existing facilities and introduce new commercial offerings, ensuring Dublin Airport remains competitive with peer airports while delivering tangible benefits to passengers and the wider airport community.

Asset Management

9.2.10 The Asset Management envelope ensures the continuity and reliability of critical airport infrastructure to support safe, efficient, 24/7 operations. It covers surface access routes,

terminal and pier systems, airfield pavements and lighting, and the utilities and services that underpin airport functionality.

9.2.11 These projects are cyclical in nature, addressing asset life-cycle replacement, refurbishment, and compliance upgrades. Key initiatives include:

- Upgrading essential buildings to meet current sustainability and energy performance standards.
- Replacing and enhancing systems and building fabric approaching end-of-life.
- Refurbishing apron pavements and airfield lighting systems, some of which date back decades.

9.2.12 The objective is to minimise downtime, reduce operational risk, and maintain service quality for passengers and airlines, ensuring resilience during peak operations and adverse conditions.

Security

9.2.13 The Security envelope ensures a safe, secure, and compliant operating environment for passengers, staff, and the wider airport community. It covers the equipment, systems, and supporting infrastructure required to meet mandatory EU and national security regulations for screening passengers, baggage, and goods entering airside areas.

9.2.14 Key initiatives include:

- Deployment of advanced screening technologies for passengers and hold baggage.
- Upgrades to access control and perimeter security systems to safeguard critical airfield areas.
- Training programmes for security personnel to maintain compliance and service standards.

9.2.15 These measures are designed to minimise processing times, enhance passenger experience, and maintain operational resilience, while ensuring Dublin Airport remains fully aligned with evolving regulatory requirements.

IT

9.2.16 The IT envelope underpins operational resilience and passenger experience through investment in digital infrastructure, cybersecurity, and smart technologies. It provides the hardware, software, and systems required to support 24/7 airport operations while protecting against evolving cyber threats.

9.2.17 Key initiatives include:

- Cybersecurity enhancements to safeguard critical systems and data.

- Optimised self-service platforms and biometric solutions to streamline check-in, security, and boarding processes.
- Upgrades to core IT infrastructure to improve system reliability and enable future innovation.

9.2.18 These projects aim to reduce processing and queue times, enhance passenger convenience, and maintain compliance with international security standards, ensuring Dublin Airport remains competitive and digitally secure.

Other

9.2.19 The "Other" envelope provides flexibility to address emerging needs and prepare for future development phases. It funds design and feasibility studies for long-term initiatives, ensuring that future CIPs are informed by robust planning and technical analysis.

9.2.20 This envelope also includes Minor Works and Terminal Enhancements, enabling rapid response to unforeseen requirements from airlines and partners, and supporting the deployment of new assets where needed.

9.2.21 In addition, it covers governance and strategic planning activities, such as continuous oversight of the Development Portfolio Programme and updates to the Dublin Airport Masterplan, ensuring that near-term investments remain aligned with long-term objectives. These measures safeguard operational resilience and maintain the airport's ability to adapt to evolving regulatory, sustainability, and capacity requirements.

9.3 Project Regulatory Treatment

9.3.1 Within each envelope, the projects have been assigned a suggested regulatory treatment, which can be either Flexible, Deliverable, or StageGate.

Flexible Projects

9.3.2 For projects classified as Flexible, Dublin Airport has the ability to manage the allowance approved by the IAA within that envelope. For instance, if projects are delivered under allowance, the savings can be redistributed to support other projects or to advance new initiatives that were not known at the time of the CIP submission. Alternatively, if projects no longer align with stakeholder needs due to the dynamic and evolving nature of aviation and airport development, these flexible projects may be paused, and the allowance can be reallocated to other projects with similar characteristics.

Deliverable Projects

9.3.3 For projects identified as Deliverable, we are required to complete the project within the approved allowance, and if not advanced, the allowance cannot be redistributed.

StageGate Projects

9.3.4 Introduced in the 2019 Determination, StageGate projects are typically high-value, complex initiatives where costs are expected to evolve as the design matures through planning, procurement, and construction. These include major infrastructure such as piers, sustainability developments, large-scale utility expansions, and airfield rehabilitation works.

9.3.5 As part of the CIP Determination process, the IAA, with support from their appointed Independent Fund Surveyors (IFS), assigns a provisional StageGate 0 (SG0) funding allowance to each StageGate project. This represents the IAA's view of the project's efficient cost at the time of the determination.

9.3.6 Once a StageGate project reaches a sufficient level of design maturity and cost certainty, Dublin Airport submits a StageGate 1 (SG1) application. This triggers a second IFS assessment and formal stakeholder consultation, which currently applies to all StageGate projects, even where no material changes in scope or cost have occurred and must occur within one of four defined cycles each year.

9.3.7 If, after SG1, there are further changes to the project, such as additional costs discovered, a StageGate 2 (SG2) submission may be made. SG2 is optional and used only when needed to reflect material changes and unavoidable expenses incurred in delivering StageGate projects. It involves a third round of IFS review and stakeholder consultation. Currently, no StageGate project can proceed to contract award or construction without successfully completing the StageGate 1 process.

9.3.8 Dublin Airport believes that the regulatory treatment of Capital Expenditure by the Authority is broadly structurally sound. The regulatory Determination process has seen the evolution and refinement of the capex approval process. The challenges presented in the last decade demonstrate the need to retain flexibility for the development cycle, while also ensuring the adequate remuneration of costs.

9.3.9 We support independent efficiency assessment via the Independent Fund Surveyors (IFS) and capacity/service-standard validation (e.g., simulation) to assess scope, cost, and timing for CIP27. However, we are concerned about some cost benchmarking applied by the IFS, which has at times not been reflective of Irish market conditions, particularly around issues such as unit costs. We ask that the IAA engage an Irish based IFS to address this, or where a foreign based IFS is appointed, that they are required to consult and Irish based quantity surveyor (QS) to ensure Irish market conditions are captured in assessments.

9.3.10 We welcome the Authority's proposal to publish expected treatment of allowances after each StageGate cycle to enhance certainty and reduce need for supplementary processes.

9.3.11 Although the StageGate process has been well received by Dublin Airport, our experiences thus far have revealed several areas where the process could be further refined. We have noted that all StageGate projects, even those that remain within their SG0 allowance, currently undergo a complete second IFS assessment and stakeholder consultation during the SG1 application.

4.1.2 While these requirements are well-intentioned, they can lead to unnecessary delays in the efficient execution of critical projects, especially considering that projects delivered within the SG0 allowance do not affect the passenger charge, and any underspend will be accounted for during the roll-up exercise at the end of the regulatory period by the IAA when calculating the opening RAB for the subsequent regulatory period.

9.3.12 We recommend a series of practical refinements to the StageGate process that will enhance the effectiveness of IFS assessments and streamline project delivery ensuring the StageGate framework remains focused on supporting large and complex projects as originally intended.

Classification of StageGate Project

9.3.13 **A –** Complex projects designed to sufficient concept level of design to allow preparation of CIP level of detail cost plans. For example, T1 retail refurbishment, Piers and Terminal Extension. A StageGate 1 submission and re-assessment of costs for such projects would only be required should the costs exceed the SG0 allowance – progress on such projects can still be shared in live project updates at quarterly StageGate consultations.

9.3.14 **B –** Extensive multi-phased and overarching projects necessitating additional study and feasibility analysis to fully comprehend the scope of work and associated costs beyond what can be included in the CIP submission. For example, surface water treatment, MV Network, and PFAS (Perfluoroalkyl and Polyfluoroalkyl Substances) mitigation. Such projects would undergo a StageGate 1 submission and re-assessment of costs.

Geographical Cost Benchmarking

9.3.15 We ask that IFS cost efficiency assessments be adapted to reflect Irish market conditions. While we support the appointment of an Irish-based IFS to ensure greater familiarity with Irish market conditions, where a foreign-based IFS is engaged, we ask that they be required to consult or appoint an Irish based QS to advise on local market rates, apply regional uplift factors, and use Irish construction data from other large infrastructure projects delivered in the Irish market, including Irish airports and other national infrastructure. We support the IAA's renewed focus on accurate benchmarking in their July 2025 issues paper.

9.4 Capital Expenditure Allowances

Treatment of Capital Expenditure

9.4.1 We support maintaining the RAB model with capital costs comprising return on and return of capital and continuing annuitized depreciation to smooth user payments. We also support asset lives to remain evidence-based with limited pre-funding.

9.4.2 In reconciling outturn capital expenditure for the current regulatory period, the IAA should be mindful that any adjustment for unspent capital expenditure does not distort future price caps and impact financeability. Adjustments to future prices should be phased in a way that delivers a smooth price cap trajectory.

9.4.3 We support the grouped allowance approach; however, we feel a smaller number or groupings would provide greater flexibility to deliver critical projects as the need for them emerge throughout the regulatory period. We also advocate for a narrowing of the criteria for projects to be designated as deliverables and feel such projects should be focused on projects arising from statutory requirements (e.g. upgrading to C3 security screening) and non-substitutable outputs. We also agree with short IAA decisions post interim consultations to reduce uncertainty.

CIP27 Focus and Delivery Constraints

9.4.4 We acknowledge that elements of the current CIP may roll forward into CIP27 with scope and cost updates and note that constraints have shifted towards gates and contact stands. The rollover of CIP projects is primarily attributed to prolonged and intricate planning processes, which have been impacted by the necessary changes to the operating conditions of the North Runway. This situation has led to delays in the processing of our Infrastructure Planning Application. Consequently, many of the rollover projects are included in the Planning Application or are reliant on their approval due to their interconnected nature. Projects rolling over from CIP2020+ have been updated and will be presented as new CIP27 projects, allowing the airport community to provide feedback. The refreshed projects feature an updated scope to reflect changes in requirements and sustainability since 2019, and the costs have also been adjusted as necessary to account for inflationary increases.

9.4.5 Dublin Airport will bring forward robust business cases, timelines, planning streams, and proposed regulatory treatments for each project to address these in its proposed CIP27 submission and will also engage and consult extensively with our Stakeholders in developing our submission.

Triggered Projects

9.4.6 Dublin Airport recognises the IAA's objective of ensuring flexibility and financeability through the use of triggers and is committed to working constructively within this framework. We accept the principle of profiling triggers as a tool to manage delivery-timing uncertainty for major projects, particularly where planning dependencies create risk. However, we believe that triggers should be applied selectively and only where strictly necessary, to avoid unnecessary complexity and maintain regulatory certainty.

9.4.7 We acknowledge the logic behind milestone-based activation, such as linking allowances to planning approval or on-site commencement. However, in the Irish planning context, this approach can create significant uncertainty and delay, as planning timelines are often unpredictable and subject to external factors beyond Dublin Airport's control. This can undermine financeability and increase delivery risk for critical projects.

9.4.8 Therefore, Dublin Airport requests the IAA to consider the introduction of a third trigger point at the start of the regulatory period for certain essential projects which would be an initial trigger that allocates funding to cover the costs of design and planning at the beginning of the regulatory period. A second trigger would be upon the commencement of construction, and a third and final trigger upon project completion. The triggers should be aligned with the project status instead of demand, as in many cases, projects need to be initiated as soon as possible due to the current under-provision, particularly concerning gate and stand provision.

9.4.9 This would provide early certainty on cost recovery for projects that are critical to capacity and service delivery, while maintaining milestone-based release for the majority of the allowance.

9.4.10 Furthermore, there is regulatory precedent from other sectors and jurisdictions for the recovery of these 'early' design and planning costs before the project has been implemented. Heathrow Airport was permitted to recover early costs for the development of a third runway before those plans were paused by the UK Government in 2020, despite the project having not received final planning approval.[37] Ofgem, the UK energy regulator, also allows firms to recover some early costs, for example when projects are funded via the Accelerated Strategic Transmission Investment (ASTI) re-opener.[38] These examples recognise that early costs of development can be incurred efficiently and are a necessary part of a capital expenditure process, even if the project does not then go on to be implemented.

[37] CAA (2025), 'CAP3149 - Heathrow Capacity Expansion – consultation on regulatory policy on early costs', August, pp.27-30.

[38] Ofgem (2024), 'TKRE - Decision on Early Construction Funding and Modification to special conditions of the electricity transmission licence', October.

9.4.11 This approach would enhance financeability and reduce the risk of deferral without compromising the efficiency and flexibility objectives of the regulatory framework. This refinement would enable earlier and more confident project mobilization while supporting higher quality planning submissions.

9.4.12 We note that, compared to European comparator airports in France, Spain and Italy, the approach to regulating capital expenditure for Dublin (using in-period triggers) is relatively more burdensome. In these other jurisdictions, capital programmes tend to only be scrutinised by airlines and/or the regulator ex-ante (during the charges review), rather than having additional layers of regulatory approvals during the course of the regulatory period. This delivers benefits for the airport, in terms of ensuring that pre-construction activities are adequately funded and delivers flexibility over the timing and structure of the capital programme over the course of the charge period.

Inflation

9.4.13 Capital investment at Dublin Airport is subject to construction price inflation. As demonstrated throughout the StageGate consultations during the current regulatory period, construction inflation is a dynamic and evolving issue for Dublin Airport.

9.4.14 To mitigate against construction cost inflation, we advocate for indexation of escalation elements to a recognised construction price index rather than ex-ante uplifts, to align allowed costs with market conditions while preserving efficiency incentives.

Sustainability

9.4.15 Dublin Airport acknowledges the IAA's obligation to reflect Government policy on climate change and sustainable development and reaffirms our commitment to reduce Scope 1 and 2 emissions by 51% by 2030 and achieve net zero by 2050. In line with the Issues Paper's "Supporting Net Zero", our approach is to only focus capital projects whose primary purpose is decarbonisation or environmental performance within the sustainability grouping, ensuring other projects such as capacity are grouped correctly, even when such projects offer secondary sustainability benefits.

9.4.16 Dublin Airport is committed to ensuring projects included in the sustainability grouping have a primary sustainability objective such as reducing carbon emissions, enabling renewable energy, or reducing waste with visible or quantifiable outputs such as MW/MWh of renewable generation, kW of low carbon heat, MWh saved, EV charging etc.

9.4.17 In the upcoming CIP 2027-2032 (CIP27) we are actively considering projects such as more on-site solar generation, renewable/low carbon heating and electrification (e.g., geothermal heating and low temperature hot water conversion), airside fleet electrification and charging

infrastructure, and other targeted sustainability measures where the sustainability benefit is the principal reason for investment. To provide clarity and assurance our CIP27 submission project sheets will include outline business cases explaining the mandated or regulated requirement for the larger sustainability projects, each of which is focused on a particular objective. This will also align to the Dublin Airport ESG Strategy for 2024-2030 which lists Dublin Airports Climate and Environment targets for the forward period.

9.4.18 We will continue to report on delivery and indicative environmental outputs for sustainability projects as part of our regular public reporting, consistent with the IAA's emphasis on transparency, Dublin Airport is also open to including such reports as part of or in tandem with "live project updates" when delivered at StageGate Consultations if desired by our airport users. This reporting will not be linked to cost recovery, which should remain based on efficient delivery and operation.

9.4.19 Sustainability projects should be treated under the appropriate mechanism (StageGate or grouped allowance) based on scale and complexity. Remuneration should follow the standard approach, when a project is delivered and operational, its cost enters the RAB in the normal way. We do not support linking remuneration to ex post demonstration of specific carbon reductions or renewable output, as this introduces unnecessary uncertainty unrelated to delivery performance.

9.5 Dublin Airport Request

Ask	Reason
StageGate refinement: Retain the framework but focus it on large/complex projects, streamlining re-assessment where costs remain within SG0.	Concentrating IFS effort where it adds most value.
Capex triggers treatment: Introduce an initial trigger at the start of the regulatory period to fund design/planning for complex projects, a second trigger at start of construction, and a third at project completion.	Avoiding demand-based triggers given the current under-provision (particularly gates/stands) and the unpredictability of Irish planning timelines.
Inflation indexation: Index escalation elements to a recognised Irish construction price index (e.g., the SCSI Tender Price Index) rather than using large ex-ante uplifts.	Ensuring efficient and transparent alignment with market conditions.
Sustainability: Group sustainability projects appropriately, remunerate on the standard RAB basis upon delivery	Avoid ex-post carbon performance tests that would introduce unnecessary uncertainty unrelated to delivery efficiency.
Irish-specific benchmarking: Require IFS benchmarking to reflect Irish market conditions by engaging an Irish-based IFS or mandating consultation with an Irish QS.	Using local datasets, cost application and regional uplift factors.

10. Financing and Financial Viability

Summary

Dublin Airport welcomes the IAA's continued inclusion of Financing and Financial Viability in the pricing decision. To ensure growth, resilience and sustained financial viability over the regulatory period, the IAA should set allowances and mechanisms that enable Dublin Airport to minimise financial risk, maintain reliable access to funding markets and raise debt at reasonable cost and terms. These outcomes are only achievable if Dublin Airport maintains an appropriate investment-grade credit rating; accordingly, we propose a bbb+ stand-alone rating target be correctly applied for the period, reflecting S&P's negative comparable rating analysis modifier.

Dublin Airport requests that the IAA delivers a pricing settlement that supports a stand-alone credit rating of bbb+. This will be achieved by:

- Ensuring FFO: Net Debt >20% and Net Debt / EBITDA <4.0x
- In sensitivity analysis that reviews multifactorial scenarios,
- at 80% confidence level,
- inclusive of dividend payments to shareholder (of 30%-40% as per daa's Shareholder Expectation Letter).

If the regulatory settlement is not financeable over the period, this is an indication in an error across the building blocks. The most appropriate option to address this would be the introduction of a revenue allowance over and above the level of revenues determined by the regulatory building block approach which would directly compensate for a potential financeability gap, and which would have the effect of increasing the present value of the regulatory company's revenue returns.

The inclusion of an 'aiming up' provision in the cost of capital is a prerequisite and a minimum to safeguard against underestimating the value of the WACC. Robust, real world, multifactorial sensitivity analysis should be carried out to test the financial robustness of the pricing decision. The pricing decision should deliver a financially viable outcome at the 80% confidence level.

Question to the IAA: What sensitivity analysis will the IAA undertake in order to ensure financial viability through possible disruption events during the regulatory period?

10.1 Financial Viability Overview

10.1.1 Dublin Airport's 2024 results and balance sheet indicate a notional "a-" stand-alone outcome on a point-in-time basis. However, this is overstated given the deferral of capital expenditure into the next CIP. Had investment proceeded as planned, 2024 profitability and credit metrics would have aligned with a bbb+ profile. Current rating is in line with peer airports, and at the level that Dublin Airport has accessed the market in all historic instances. The IAA will have to be mindful of the impact of causing a reduction in the credit rating.

10.1.2 We therefore propose that the IAA adopt an explicit financial viability test calibrated to bbb+ parameters on actual debt levels of the regulated entity, namely: FFO/Net Debt > 20% and Net Debt/EBITDA < 4.0x, assessed on a forward-looking, through-the-cycle basis and normalised for capex timing and one-offs. The pricing decision (including WACC and profiling choices) should be demonstrably consistent with these thresholds throughout the investment programme.

10.1.3 To evidence robustness, it will be required to perform sensitivity analysis showing ratio outcomes under traffic, revenue, Capex, Opex, interest-rate and inflation shocks, and under reasonable regulatory parameter variations.

10.1.4 Ensuring Dublin Airport remains financially viable directly benefits both airlines and passengers by safeguarding the delivery of critical capacity, resilience, and service quality improvements. A strong financial position allows the airport to fund projects that reduce security queue times, improve baggage reliability, and maintain safe, efficient infrastructure, all of which enhance the passenger experience and operational performance for airlines. Without this viability, essential investments could be delayed or cancelled, leading to congestion, service deterioration, and higher long-term costs.

10.1.5 Targeting a BBB+ credit rating aligns with regulatory precedent and is the most efficient way to achieve this. This rating provides sufficient headroom to withstand economic shocks while maintaining access to long-term debt at competitive rates. Independent analysis and Dublin Airport's own submissions confirm that BBB+ strikes the right balance: it avoids the inefficiency of over-capitalisation while preventing the funding constraints (shorter tenor, restrictive terms, market access) and higher borrowing costs associated with lower ratings such as BBB or below.

10.1.6 The financial viability assessment should be completed against the scenario with 30% to 40% dividends. The Shareholder Expectation Letter issued to daa specifically calls for payment of dividends at this level. To exclude them does not test for the real-world scenario that Dublin Airport will operate in. A return to the shareholder is a base case assumption, excluding them fails to protect the target rating under the expected cashflows. While ceasing dividends are a viable mitigant, this methodology also understates the net debt position at the onset of a crisis

(i.e. if there is a passenger decline in year 3, dividends for years 1 and 2 will have already been paid, thus increasing the net debt position).

10.1.7 For users, the implications are tangible. Airlines benefit from predictable delivery of capacity and operational improvements that reduce delays and irregular-operation costs, while passengers enjoy more reliable services. Maintaining BBB+ ensures that projects, which have been validated as efficient and in users' interests, can proceed without disruption, supporting a high-quality travel experience at the lowest sustainable cost over time.

10.1.8 Dublin Airport also highlights that EBITDA/EBIT margins are significantly lower on a multi-year basis compared to other peer airports, contrary to what was referenced by the IAA in its Benchmarking Annex[39]. This is demonstrated in Appendix 2, *'Dublin Airport Response to Issues Paper Annex: Benchmarking of Airport Charges at Dublin Airport',* Section 5, which demonstrates the lower margins with respect to peers. This should be considered as part of the forecasts used by the IAA in the 2026 Determination.

10.2 Dublin Airport Current Financial Viability

10.2.1 Dublin Airport 2024 results and balance sheet give a notional stand-alone credit rating of a-.

Business Risk Profile: Strong – Based on "Low" Country risk and "Low" Industry risk. S&P rating specifically states that "if EBITDA margins fall below 30%, we could revise our view of business risk down to satisfactory, resulting in a downgrade."

Financial risk Profile: "Modest" as FFO: Net debt is 31% ("Modest") and Net debt / EBITDA is 2.8x ("Modest")

Anchor rating: a

Modifier: -1 notch for "Comparable rating analysis". Due to the impact of the upcoming years of negative free operating cash flow, combined with the difficulty of executing a large capex plan.

Stand Alone Credit Profile: a-

10.2.2 S&P's rating methodology shows that the anchor rating will fall by one notch, i.e. to a-, if FFO to debt falls below 23%. Holding the a- anchor rating will require an FFO: Net debt in excess of 17%, with 20% giving headroom. Due to the negative modifier applied by S&P, the threshold for maintaining a bbb+ rating is therefore FFO: net debt >20% in a base case forecast.

[39] issues-paper-annex---benchmarking-of-airport-charges-at-dublin-airportd10ae2c2-f3c6-44a1-9335-32c12494658c.pdf

TABLE 10 S&P ANCHOR RATING METHODOLOGY TABLE

	Financial Risk					
Business Risk	Minimal	Modest	Intermedia-te	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Source: S&P

10.3 Financial Viability Overstated Due To Deferred Capex

10.3.1 Dublin Airport's strong financial viability position reflects the slower pace of capital investment. Dublin Airport's credit metrics would disimprove to FFO: Net debt of 20% and Net Debt / EBITDA of 4.3x if the 2024 P&L performance is matched to the untriggered debt position of €1,438m (nominal).

10.3.2 As will be seen from the CIP for 2027 to 2031, this capital investment is still required.

10.3.3 Table 11 takes Dublin Airport's financial performance in 2024 and shows that Dublin Airport's credit rating would fall to "bbb" if the capex was invested as intended and Dublin Airport performed in line with the building block targets. While FFO: Net debt would deliver an "Intermediate" FRP, Net Debt / EBITDA >5.0x would give an FRP of "Aggressive", giving an overall FRP of "Significant.

TABLE 11 DUBLIN AIRPORT FINANCIAL PERFORMANCE & RISK PROFILE

	2024			
	Outturn	**IAA (untriggered - real)**	**IAA (untriggered – nominal)**	**IAA (untriggered - nominal & no outperformance)**
Adj. net debt	928	1,237	1,438	1,438
FFO	288		288	245
FFO: Net Debt	31%		20%	17%
FRP	***Modest***		***Intermediate***	***Intermediate***
EBITDA	332		332	282

Net Debt / EBITDA	2.8	4.3	5.1
FRP	***Modest***	***Significant***	***Aggressive***
Overall FRP	**Modest**	**Intermediate**	**Significant**
Anchor rating	**a**	**a/a-**	**bbb+**
Modifier	-1 notch	-1 notch	-1 notch
SACP	**a-**	**a-/bbb+**	**bbb**

Source: Dublin Airport Analysis

10.4 Industry Benchmark Credit Rating

10.4.1 Reviewing the other European airport groups that are reviewed by S&P shows that these airports have an average rating of A/A-. Excluding the two privately owned UK airports, the average rating is A, with the SACP of bbb+/a-. Hence, the current Dublin Airport rating is in line with the industry average.

TABLE 12 OTHER AIRPORT CREDIT RATINGS

	daa	Heathrow	Zurich	Avinor	Schipol	Groupe ADP	Gatwick	Aeroporti de Roma	*Overall average*	*Govt / Part-Private average*
Anchor	a	bbb	a	bbb+	a-	a-	bbb	a-		
SACP	**a-**	**bbb**	**a**	**bbb**	**bbb+**	**a-**	**bbb**	**a-**	***bbb+***	***bbb+/a-***
Rating	A	AA	A+	A+	A	A-	BBB+	BBB-	*A/A-*	*A*
Ownership	Govt	Private	Part-Private	Govt	Govt	Part-Private	Private	Private		

Source: Dublin Airport Analysis

10.5 Dublin Airport Has Not Accessed The Bond Market Below "A-"

10.5.1 Dublin Airport is an infrequent issuer in the Eurobond market. The four bonds raised by Dublin Airport have all been raised with a minimum debt rating of "A-":

- 2001: 2011 €250m bond at rating of "A+"
- 2008: 2018 €600m bond at rating of "A"
- 2016: 2028 €400m bond at rating of "A-"
- 2020: 2032 €500m bond at rating of "A-"
- 2021: tap of 2028 bond for €150m at rating of "A-"

10.5.2 Over the period 2027 to 2031, both the 2028 and 2032 bonds will be refinanced (€1,050m) alongside financing the increased debt required to fund CIP 2027 - 2030.

10.6 Risk management and sensitivity analysis

10.6.1 S&P has identified the following near term and longer terms risk for the European airport sector.

Near term risks (2025 – 2026):

- Tariffs could lead to inflation and increase in capex costs
- Higher interest rates and a backlog of investment could delay deleveraging

Longer term risks (2027 onward)

- Mobility transition to decarbonisation targets could result in regulatory pressure, e.g., by reducing short-haul flights or imposing higher tax burdens on users.
- Environmental factors and budgetary constraints can hinder investments, especially expansionary projects.

10.6.2 IATA's assessment of risks for 2025[40] included the following risks as High Impact/ High Likelihood

- China's Property Crisis
- Trade War
- Fiscal Squeeze
- US Dollar Strength
- Inflations
- Policy Instability
- Cyber Treats
- Climate-related Physical Risk and Costs
- Climate Change

10.6.3 ACI Europe[41] has called out the risks of increased airport debt levels, macro paradigm shifts coupled with the new reality of slowing traffic growth.

"*What we are witnessing is the convergence of geopolitical, physical and cyber threats along with economic uncertainty and the acceleration of climate change. This means airports must prepare for more traffic volatility, fragmentation and overall slower growth compared to what we have been used to over the past decades.*"

10.6.4 It is important that the IAA acknowledges that the building blocks which make up the financial forecast under review are, in fact, just forecasts and as such already contain a risk that they are not likely to play out as planned. The reality that the IAA sets forecast targets which are, by their own nature, likely to be harder to achieve, increases this risk. It is therefore crucial that fair and varied sensitivities on all building block assumptions are reviewed when determining a financially robust price cap.

[40] IATA - Risks 2025 Brief

[41] Airports Council International Europe | ACI EUROPE - Press Release

10.6.5 The IAA should use multi-factor stress tests that combine adverse events in the way they would be likely to occur (e.g. passenger decline, with reduced non-aero yield) to test resilience under compounded pressure.

10.6.6 It is appropriate to review the impact of historical disruptions (e.g. 2008 to 2012 economic conditions) to test whether the financial model provides for a robust, financeable Dublin Airport.

10.7 Dublin Airport Request

Ask	Reason
BBB+ credit rating be applied for the regulatory period.	To ensure growth, resilience and sustained financial viability
Ensure fair and varied sensitivities on all building block assumptions are reviewed.	To set a financially robust price cap.
Use multi-factor stress tests that combine adverse events in the manner in which they would likely occur.	To test resilience under compounded pressure.
Review the impact of historical disruptions.	To test if the financial model provides for a robust, financeable Dublin Airport.

11. Service Quality

Summary

Our service quality regime is dedicated to delivering a consistently high standard of service to passengers. It promotes cost efficiency while delivering value-driven performance, without compromising the quality of airport services. Passengers are central to our business strategy—their expectations guide our actions and shape our priorities. Key areas of consideration are outlined below:

Overall

- Ensure consistency across metrics, with a passenger centric focus.
- Implementation of additional bonuses.

Passenger Satisfaction

- Review of satisfaction score targets to better reflect typical passenger response patterns.
- Removal of online element for 'on my way' passenger survey.

Security

- Implementation of a security bonus.
- Consider increased security staff in relation to further reducing passenger processing time.
- Review of grounds for exemptions.
- Review of data sources for measuring security queue times.

Asset Availability

- Consider a review of exemptions for Baggage Handling System (BHS) system.
- Aligning our availability % for all Assets and Baggage metrics.

PRM

- Potential bonuses for increased pre-notification – alignment with Charges Incentives.
- Dublin Airport acknowledges the implementation of stricter Service Level Agreement (SLA) targets and are open to consultation on how this will affect IAA targets.

Question to the IAA: How can the IAA evolve the service quality framework to ensure it incentivises genuine performance improvements, supports operational resilience, and reflects the evolving needs of passengers—while maintaining a fair balance between cost efficiency and regulatory accountability?

11.1 Introduction

11.1.1 Given the lessons learnt from the pandemic, a key focus in entering the next Determination is operational resilience. As outlined in previous sections, resilience is essential to providing a consistent and reliable journey—an absolute priority for passengers. Dublin Airport aims to embed resilience across the entire airport team, making it a cornerstone of our service quality framework.

11.1.2 Dublin Airport will incorporate resilience in staffing resources; However, Airport capacity is a key concern for providing a high quality of service. Infrastructure constraints such as contact stands, piers, gates and US-Preclearance often operate at maximum capacity throughout the day. This can cause a sub-optimal passenger experience at peak times across multiple passenger satisfaction metrics. While Dublin Airport has scored highly in subjective passenger satisfaction metrics to date and often exceeding bonus targets, capacity challenges should be considered as part of the 2026 Determination and the impact on scores in the regulatory period.

11.1.3 We plan to consult with the Passenger Advisory Group (PAG) on our Regulatory Proposition, overseen by the IAA in early 2026, ensuring our passenger-centric focus is retained throughout the regulatory process. This will feed into all aspects of the service quality framework and support all passenger types. Passenger feedback and responses will serve as the guiding compass for identifying areas of improvement, giving our review of the service quality regime clear direction and focus.

11.1.4 We broadly support the existing service quality regime in place but note several changes must be implemented to ensure we can respond effectively to the unpredictable and volatile airport and aviation landscape. Passengers are our focus; their enhanced journey experience is what we are working towards and is the intention behind the changes we are promoting.

11.1.5 The service quality regime's inclusion of bonuses and penalties in metrics is inconsistent. All metrics have a penalty aspect, while only one has both a bonus and penalty, this being passenger satisfaction surveys. This subsequently fosters asymmetric risk, as the majority of incentives are prone to penalties where the airport fails to achieve minimum service standards, but there is no proportionate upside where targets are exceeded. Therefore, these are more disincentives than incentives and fail to capture the theoretical competitive market dynamic, where an airport with higher service quality commands a premium. It instead contributes to the same misleading and deflated price signal that the single till model in a capacity constraint environment engenders, subsequently fostering underinvestment. Secondly, it fails to fully appreciate that increased service quality requires increased Opex to provide this required service quality. In the absence of symmetric bonuses, there is little incentive to provide exceptional service above penalty threshold, as doing so incurs a higher cost with no additional inflow of revenue.

11.1.6 As bonus structures are enhanced, Dublin Airport is further incentivised to uphold high service standards, ultimately delivering a superior experience for passengers and fostering mutual benefit for both parties. Passengers would benefit from reduced processing time, incentivizing operational excellence will lead to shorter security lines, quicker check-ins, and smoother boarding. Opportunities of outperformance will promote upgrades to lounges, restrooms, seating areas, and dining options, offering passengers improved amenities. Therefore, the further implementation of bonuses into each incentive is a key ask in the review of service quality as part of the next Determination.

SQM Key Regime Considerations

11.1.7 We believe that there are five key areas that the IAA must consider in this Determination for the service quality regime.

1. Considerations for improving security processing times (a key touchpoint in the passenger airport journey) through increased security staff.
2. Consider the implementation of a security bonus (A bonus links the increased Opex to enhance the security experience to efficiency, by making it a rewarding achievement of targeted service level).
3. Review grounds for security queue time breach exemptions (ensure consistency with safety mandate, not penalising Dublin Airport for factors outside of its control).
4. Review of target scores (ensuring they are challenging but realistic).
5. Implementation of additional bonuses to the service quality framework (reducing the asymmetric risk caused by offering rebates without corresponding performance bonuses).

11.2 Passenger Satisfaction

11.2.1 Dublin Airport maintains an exceptional standard of passenger satisfaction through our ongoing commitment to outperform past achievements and drive continuous improvement. We achieve this by investing in research and development, engaging regularly with passengers, and enhancing our responsiveness to their evolving needs.

11.2.2 Targets are a useful tool to encourage ambition and raise standards with a clear structure and direction. The push for continuous improvement is important, but so is recognising the external environment we operate in and what standard passengers expect. A sustainable model for excellence sets realistic goals while staying flexible to the changing needs of passengers. Challenging targets have played a key role in driving improvements across several performance metrics, particularly in, Cleanliness of Washrooms and Information on Ground Transport on Arrival. While setting ambitious targets is valuable, it's important to maintain a

balance to ensure they remain achievable and continue to support passenger-focused outcomes, rather than shifting emphasis solely toward regulatory compliance.

11.2.3 In 2019, based on consultation and collaboration IAA (under CAR), Dublin Airport made significant change in how we capture service quality measures. We moved from utilising Airport Council International's (ACI) Airport Service Quality (ASQ) surveys towards a proprietary Dublin Airport's Customer Service Monitor (CSM) programme. This decision has made the Passenger Satisfaction programme more representative of the passenger base and allowed Dublin Airport to expand the set of service quality measures captured, covering additional touch points across the passenger journey. In addition to this, the sample size of CSM is larger than that of ACI and it has allowed Dublin Airport to expand the audience we include in the research, to include passengers with additional needs and PRMs, arrivals and transfers. These data points are not available through ACI ASQ.

11.2.4 We believe it is important to recognise the natural limitations of subjective metrics using satisfaction scoring within survey-based research. On a 10-point scale, there is generally a ceiling to how passengers typically score, and extremely high scores are rarely achieved consistently, regardless of actual service quality, due to inherent human behaviour i.e. aversion to scoring 10/10. Setting targets that require near-perfect ratings can be unrealistic and risks not accurately reflecting genuine passenger experience and thus watering down the aim of incentive-based regulation. Instead, performance metrics should be grounded in research-based expectations and designed to drive meaningful improvement without relying on overly ambitious thresholds.

11.2.5 'On my way' passengers refer to arriving passengers who travel to the airport using public transport. These passengers are surveyed through both face-to-face and online interviews. The online survey was introduced during the pandemic when face-to-face interviews were less feasible; however, given we are no longer in a pandemic environment, they are no longer necessary, as their main benefit of practicality is no longer relevant. Face-to-face interviews are better since in contrast to online interviews, they survey the respondent when the experience is fresh in their mind, usually on the day of the experience. This overcomes issues of false recall and faded memory which introduces measurement error. Passengers are notably more willing to engage in face-to-face surveys during idle moments—such as waiting for a bus or taxi—than to complete online surveys at their leisure during a holiday, which again makes them more randomised and thus less prone to measurement error in that regard. We therefore propose removing the online element and relying solely on face-to-face interviews, which tend to be more effective and better suited to the current post-pandemic operational environment. Face-to-face interviews require greater resource investment and Opex, but the depth of passenger feedback and insight they yield is far greater, consistent with improving the passenger experience. This will be outlined in more detail in our consultation on the Regulatory Proposal in the coming months.

11.2.6 We conduct an annual Punish Reward Analysis Model (PRAM) with RedC, our consultant on passenger satisfaction and behavioural insights, which provides insight on the impact of each metric on overall satisfaction. This is the regression analysis of 2022, referenced in the IAA's 2026 Issues Paper. This can be shared with the IAA during Dublin Airport's consultation on our Regulatory Proposal.

Request for Consideration

11.2.7 We ask the IAA to consider a review of subjective satisfaction score targets to better reflect typical passenger response patterns and the limitations of survey-based metrics. We prioritise authentic passenger feedback over inflated performance targets, ensuring our efforts reflect real experiences and consistency with incentive-based regulation.

11.2.8 We are open to adding more measures to passenger satisfaction based on customer research. We look forward to working with the PAG in this regard, who can guide us in identifying where to elevate our performance through enhanced measures and better meet passenger expectations.

11.3 Security

11.3.1 Since the 2022 Determination, specific queue time targets have been introduced. All measured queue times must be under 30 minutes, and at least 70% of passengers should wait less than 20 minutes. These thresholds represent the current minimum service standards.

11.3.2 Our primary focus in security is to prevent any prohibited items from being brought onto an aircraft, in full compliance with European and Irish regulations. While we strive to minimise delays during the screening process, passenger safety and security remain our highest priority and cannot be compromised.

11.3.3 We recognise that security queue times have a significant impact on passenger experience in Dublin Airport. We have made a concerted effort in the recovery of the pandemic to improve our security experience for passengers travelling through the airport.

11.3.4 In 2022 and 2023, Dublin Airport encountered significant operational challenges due to the rapid rebound in passenger volumes following the COVID-19 pandemic. As a result, multiple breaches occurred, however, through sustained operational efforts and corrective measures, we have demonstrated strong recovery, with no breaches recorded to date in 2025. It must be noted however that a contributor to this, as outlined in Chapter 6, was the IAA underestimating the required staff to upscale operations for a rebound in passenger numbers. Thus, this is not negated by Dublin Airport having no breaches in 2025. Naturally, this illustrates that to achieve increased passenger experience through reduced queue times. Increased Opex is necessary, as well as careful regard to the forecasting methodology

employed. Buffers like those proposed in Chapter 6 are thus consistent with achieving operational resilience and providing Dublin Airport with more headroom to focus on SQM in unprecedented times outside the scope of a forecast. In other words, in the absence of Opex buffers and bonuses in SQM, the IAA, through regulatory distortion, risks diluting service quality, by providing insufficient Opex to enable such resilience. In view of these circumstances, there is a valid justification for the implementation of a performance-based bonus system in relation to security.

11.3.5 Over the past three years, we have monitored our performance against what we feel are viable security bonus metric options. By reviewing outcomes across each bonus criterion, we can accurately assess what is realistically achievable, how frequently these targets have been met, and the conditions under which they were attained. This provides a strong foundation for evaluating a potential security bonus, and we are confident in our ability to deliver on this commitment, being a significant challenge to do so. In the medium to long term this outperformance becomes the new norm, and the rate of improvement under this model is arguably faster than a counterfactual model without bonuses.

11.3.6 To currently measure the security queue times experienced, passenger electronic devices are monitored via sensors using Bluetooth or Wi-fi technology, enabling the tracking of individual devices from when they start queuing through to their passage beyond the security screening area. This measurement system can lead to a degree of error due to the technical capabilities of the system. Therefore, we propose a review of the current data source to assess its continued suitability for measuring queue times. It is essential to ensure that the method remains fit-for-purpose and to explore whether more efficient or accurate alternatives are available.

11.3.7 Passenger processing times are heavily influenced by staffing levels—the greater the number of security staff on duty, the faster the throughput. Increasing FTEs would enhance efficiency, streamline security operations, and reduce stress for both passengers and staff. As passenger volumes grow, additional staffing is essential to maintain strong performance in managing security queue times. We ask the IAA to consider an increase to Dublin Airports security FTE allocation to streamline security processes and processing time for passengers.

11.3.8 It is essential that incentives are only set where we have control, if this is not possible, fair exemptions should be in place to ensure we are not penalised for breaches that could not have been prevented. We ask the IAA to review the grounds for force majeure as well as the rationale for the application of exemptions.

Request for Consideration

11.3.9 We believe the implementation of a bonus system would further incentivise streamlined security queue times, giving us the opportunity to benefit from outperformance while also

enhancing the passenger's overall experience. As discussed below, the scheme used at Heathrow Airport in the UK is not a penalty-only scheme.

11.3.10 We accept that on metrics where bonuses have been regularly achieved in the current period that the bonus target should be reviewed however the penalty target for these should remain unchanged.

11.3.11 We ask the IAA to consider changing queue time metrics. We are open to making this a more challenging and competitive metric, pushing us to deliver a streamlined security experience to passengers.

11.3.12 We ask the IAA to consider increasing the number of FTEs to support greater processing efficiency. Based on our research, we have identified specific staffing increments that we believe would significantly enhance processing timelines. These findings can be shared with the IAA as part of the ongoing consultation process for the regulatory proposal.

11.3.13 We ask that the IAA reassess the criteria for exemptions, acknowledging that certain factors remain beyond our control. Holding Dublin Airport responsible through the imposition of penalties for events that could not be prevented on Dublin Airport's side introduces regulatory distortion and is inconsistent with incentive-based regulation the IAA tries to emulate. Moreover, it risks working against the IAA's statutory objectives of safety and security if these extenuating and exogenous circumstance are to ensure the safety of passengers.

11.3.14 We ask the IAA to re-evaluate the current data source used for measuring security queue times, assessing its relevance and confirming that it remains fit for purpose. Other data source methods should be investigated and reviewed, ensuring the method of best fit is in place.

11.4 Assets and Baggage Handling

11.4.1 Since the 2022 Determination, Dublin Airport has achieved its defined performance targets for the availability of baggage handling and IT systems such as self-service kiosks and bag drop machines. All targets were met across Fixed Electrical Ground Power (FEGP), Automatic Visual Docking Guidance System (AVDGS), inbound and outbound baggage, passenger facing escalators and lifts, and self-service kiosks (SSKs).

Passenger Facing Escalators, Travellators and Lifts in Terminal 2

11.4.2 The monitoring system for lift, escalator, and travelator availability in Terminal 2 provides real-time data on the operational status of passenger facing escalators and lifts.

FEGP

11.4.3 For FEGP, the availability of monitoring systems provides live information on the availability status of FEGP units across the Dublin Airport Campus.

11.4.4 Key challenges in this area lie with maintenance of the system.

AVDGS

11.4.5 The AVDGS monitoring system aims to provide live information on the availability status of all AVDGS units across the Dublin Airport Campus.

11.4.6 Key challenges in this area sit with increased demand of the system.

Availability of Baggage System

11.4.7 Dublin Airport are expected to provide both inbound and outbound baggage belts in each terminal within 30 minutes of the airline's request 100% of the time. We generally agree with this metric, albeit it is challenging. We understand what best serves the passenger.

11.4.8 Dublin Airport is expected to ensure that ground handlers are provided with a fully operational outbound baggage system – or a functionally equivalent alternative capable of delivering departing baggage to the designated make-up positions within 30 minutes. Similarly, for inbound operations, Dublin Airport must provide ground handlers access to a functioning inbound baggage system or a suitable alternative that facilitates the timely delivery of arriving baggage in 30 minutes or less.

IT Systems

11.4.9 Self-service check-in kiosks and bag drop machines should be available an average of 99% of the time.

11.4.10 In 2026, the self-service environment is expected to undergo significant change from the outcome of the current CUPPS/CUSS tender process. Dublin Airport will employ two forms of self-service called CUSS and AirWare. Current SSKs and BDKs will be replaced with new CUSS units. This will further enhance the offerings around bag-induction and check-in desk utilisation. CUSS will support additional airlines being able to more easily avail of self-service at Dublin Airport. More information shall be shared with the IAA on these changes as we begin consultation on the Regulatory Proposition.

Request for Consideration

11.4.11 Aligning our availability percentage for all Assets and Baggage metrics would be effective for the sake of consistency and applicability.

11.4.12 In relation to Baggage Handling, we are currently satisfied with the exemptions in place; however, they lack sufficient detail concerning how inefficient handling by airlines or ground handlers affects the overall performance of the BHS. We support consultation on their review throughout the Regulatory Proposition period.

11.5 Passengers with Reduced Mobility (PRM)

11.5.1 PRM services have consistently delivered strong performance in recent years, with continued improvements evident across key metrics. As of 2025, all service requirements have been successfully met, and we've received numerous commendations from airlines highlighting significant enhancements in the service delivery of our provider.

11.5.2 While these achievements are encouraging, we remain committed to raising the bar. To support this ambition, we are introducing more challenging SLA targets in the upcoming contract to ensure even higher standards of performance. By critically evaluating past results and adopting a forward-thinking approach, we aim to sustain excellence in the provision of PRM services.

11.5.3 We hope to gain further insight into what we can introduce to enhance the airport experience for passengers with reduced mobility through continuous consultation with the PAG, receiving first-hand information from the passengers themselves. We are committed to making our passenger's insights and wishes heard, considering them in all we do. Layering in responses and feedback from passengers who use our PRM services gives us a clear direction in where we must improve and how we can do so, which is an asset we intend to utilise.

11.5.4 One of the key improvements in the PRM service Dublin Airport has aimed to achieve as part of its 2025 Charges Consultation was increasing the airline pre-notification rate of its PRM passengers. This facilitates for better resource optimisation and efficiency of service and in turn helps further increase PRM satisfaction. Dublin Airport is committed to increasing pre-notification and sees this as a key opportunity to introduce a joint performance metric. Ultimately, pre-notification is heavily in the hands of airlines and thus Dublin Airport can only influence this through incentives and policies aimed at enhancing airline behaviour. A bonus for Dublin Airport achieving a set PRM pre-notification rate would help on the trajectory to this mission, especially given the resistance that has been faced against this incentive.

Request for Consideration

11.5.5 Considering the introduction of stricter SLAs with our service provider, we acknowledge the impact this can have on IAA targets. We are open to consultation on this further on in the regulatory proposition.

11.5.6 We are committed to increasing the airline pre-notification rate of our PRM passengers, furthering their overall satisfaction of the airport experience. The responsibility of providing high quality PRM services ultimately lies with both the airport and airlines, therefore we see this as a fitting opportunity to introduce a joint performance metric. As outlined above, a bonus in relation to achieving a set PRM pre-notification rate would aid the improvement of this service and the experience of the PRM passenger.

11.6 Broader Service Quality Framework Consideration

Balance between Opex and QoS

11.6.1 In the Issues Paper, the IAA rightly cite that there is a balance between Opex and the Quality of Service for the airport. There is a direct correlation between optimal service level performance and costs relayed by the business in delivery. Any amendments to targets for bonus or penalty attainment must be considered beyond the perceived utility, with the fundamental of excellence in passenger welfare and attainment of business success applied.

Magnitude of Incentives

11.6.2 We see the operational benefits of the bonus service quality metric application as part of the 2022 Determination Review. The application of the bonus metrics has demonstrably proven benefits in the passenger experience, as the airport seeks to remedy any operational shortcoming while striving for excellence in the attainment of bonuses.

11.6.3 We agree with the IAA that the price cap at risk should be proportionate, balanced with the proportionality of financeability and pricing stability. However, the current weighting of 5% (penalty) and 2% (bonus) weighting on the untriggered price caps should be revised to be an equal apportionment.

Exemptions

11.6.4 The IAA has specified that they will consider evidence of extenuating circumstances and/or measurement error when Dublin Airport provides it, creating an opportunity for review and dispensation. However, we believe the criteria for extenuating circumstances must be re-evaluated and widened. Particularly in terms of security queue times, we wish for a review on grounds of force majeure. Dublin Airport should not be penalised for breaches to security queue time metrics that occurred outside the scope of our direct control. We condone consultation on this as we continue to consult on our regulatory proposal.

Airport User Engagement

9.1.1 Security Opex and resources, facilities, and cleanliness are key drivers of passenger experience and satisfaction. We aim to embed operational resilience into each of these areas to ensure improvements in these priorities meet passenger expectations. As part of our regulatory consultation, we will engage with airlines and other airport users to understand how they can support these goals, including what operational changes they are willing to make to help raise service standards. We recognise the need to balance service improvements with airport user constraints and the value they deliver.

Consideration of Measures, Targets and Incentives (MTI) scheme

11.6.5 The Measures, Targets and Incentives (MTI) Scheme was introduced in Heathrow Airport by the CAA in May 2023, as part of H7 and shares many elements with the previous service quality scheme (the Service Quality Rebates and Bonuses scheme (SQRB)) implemented in Q6.

11.6.6 The MTI scheme aims to move towards measuring the consumer outcomes as seen in the CAA's Outcomes Based Regulation (OBR) framework. As in the SQRB scheme, it is a way to achieve 'out performance' and incentivises higher standards for passengers. All parties involved in the airport operations share responsibility for outcomes, collaborating closely to deliver on consumer expectations.

11.6.7 As part of the MTI scheme the maximum amount of rebates that could be paid is 7% of airport charges. The scheme includes a bonus element on passenger satisfaction measures to reward high performance that benefits passengers.

11.6.8 A bonus element for security is also incorporated into the MTI framework. Currently, two passenger-search measures—central search and connections search—can receive a bonus. Following a proposal from the airlines for the upcoming regulatory period H8, two additional bonus measures have been suggested: searches of security staff and control post inspections.

11.6.9 Bonuses motivate companies to achieve short-term gains, but over time, these elevated performance levels tend to become the expected standard.

11.6.10 We believe the IAA is overlooking a valuable opportunity by excluding a bonus scheme for security. Introducing such a mechanism could empower Dublin Airport to enhance the passenger security experience, ultimately contributing to a more seamless and satisfying overall airport journey.

Other Service Quality Framework Considerations

11.6.11 Ofwat's Outcome Delivery Incentive (ODI) framework in the water sector in England and Wales is similar to the OBR framework used by many airports, including Heathrow. Company attention is focused on the outcomes that are most important for customers, sharing the responsibility for delivering these outcomes across all parties in the business. This gives Ofwat an opportunity to outperform and benefit financially.

11.6.12 A joint performance incentive scheme could be implemented for similar effects. Such a scheme would encourage third parties to collaborate with Dublin airport to enhance service quality for users. Examples of this approach can be seen at Gatwick and Copenhagen airports, whereby airlines or other parties do not benefit from a penalty applied to the airport if they do not meet certain standards and criteria, this could be applicable to baggage. This joint delivery incentive is also being discussed in the context of Heathrow's next price review.

11.7 Dublin Airport Request

Ask	Reason
Review of satisfaction score targets.	To better reflect typical passenger response patterns.
Removal of online element for 'on my way' passenger survey.	Outdated considering post-pandemic environment and less thorough results vs. face to face.
Implementation of a security bonus.	To further incentivise efficient service delivery.
Review of grounds for security exemptions.	Increase clarity and provide a clear dispensation process.
Review of the data source used for measuring security queue times.	To ensure its continued relevance and suitability.
Consider a review of exemptions for BHS system.	Account for third-party inefficiencies.
Aligning asset availability for all Assets and Baggage metrics.	To ensure consistency and applicability.

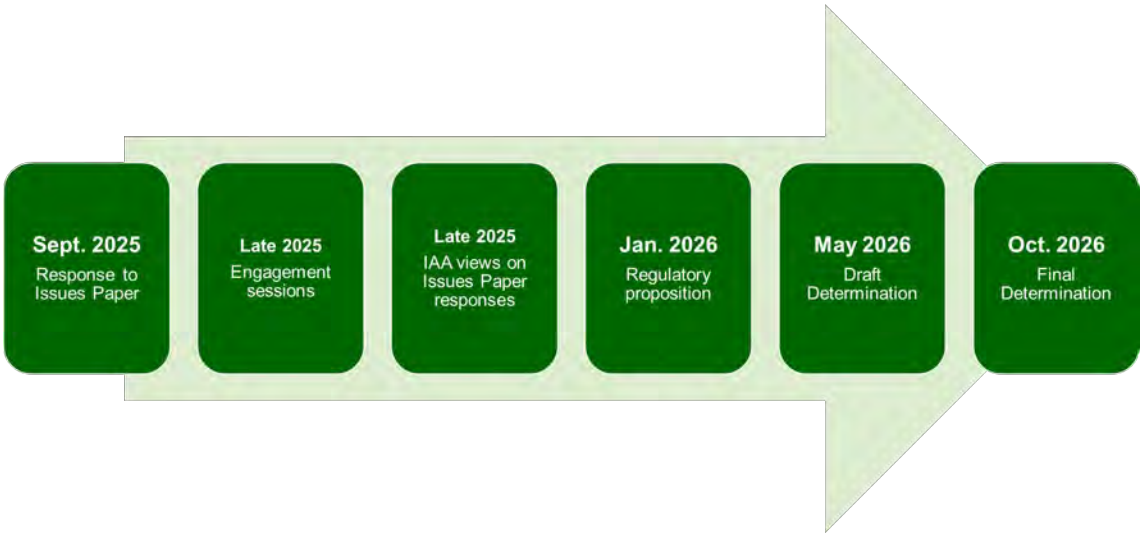
12. Conclusion

12.1.1 The 2026 Determination represents a pivotal opportunity to recalibrate the regulatory framework governing Dublin Airport in a way that reflects the realities of the current operating environment and the strategic ambitions of Ireland as a globally connected, sustainable, and resilient economy. Dublin Airport has outlined a comprehensive and evidence-based response to the IAA's Issues Paper, identifying the key regulatory changes required to support infrastructure delivery, financial viability, and optimal service quality for passengers.

12.1.2 We urge the IAA to adopt a more flexible and forward-looking approach to regulation—one that enables investment, reflects market conditions, and accounts for the unique challenges facing Dublin Airport, including planning constraints, geopolitical risks, and evolving sustainability obligations. The proposals set out in this submission aim to strike a fair balance between protecting the interests of airport users and ensuring the airport remains financeable and fit for purpose.

12.1.3 Dublin Airport remains committed to constructive engagement with the IAA, airlines, and stakeholders to deliver a Determination that unlocks growth, enhances resilience, and supports Ireland's long-term connectivity and competitiveness. We will expand on the concepts outlined in the response to the issues paper and provide detailed business forecasting for the period as part of our Regulatory Proposition. We look forward to working collaboratively to ensure the final Determination delivers the outcomes that Ireland's passengers, economy, and future demand require.

FIGURE 7 2026 DETERMINATION TIMELINE



List of Acronyms

ACD	Airport Charges Directive
ACI	Airport Council International
ACP	An Coimisiún Pleanála
AdP	Aéroports de Paris
AFIR	Alternative Fuels Infrastructure Regulation
ANCA	Aircraft Noise Competent Authority
ANTA	Air Navigation and Transport Act
ASQ	Airport Service Quality
ASTI	Accelerated Strategic Transmission Investment
AVDGS	Automatic Visual Docking Guidance System
BAU	Business As Usual
BDK	Bag Drop Kiosk
BHS	Baggage Handling System
CAA	Civil Aviation Authority
CAGR	Compound Annual Growth Rate
Capex	Capital Expenditure
CAPM	Capital Asset Pricing Model
CAR	Commission for Aviation Regulation
CBP	Customs and Border Protection
CIP	Capital Investment Programme
CPI	Consumer Price Index
CRU	Commission of the Regulation of Utilities
CSDDD	Corporate Sustainability Due Diligence Directive
CSM	Customer Service Monitor
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CUPPS	Common Use Passenger Processing System
CUSS	Common User Self Service
Daa	Dublin Airport Authority
DECC	Department of Environment, Climate and Communications
DGM	Dividend Growth Model
DMS	Driver Monitoring System
DoT	Department of Transport
EASA	European Aviation Safety Agency
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ECB	European Central Bank
ECCAIRS	European Co-ordination Centre for Accident and Incident Reporting Systems
ED	Early Decision
EPAS	European Plan for Aviation Safety
ERP	Equity Risk Premium
ESG	Environmental, Social and Governance
EV	Electric Vehicle
F&B	Food and Beverage
FEGP	Fixed Electrical Ground Power
FFO	Funds From Operations
FRP	Financial Risk Profile

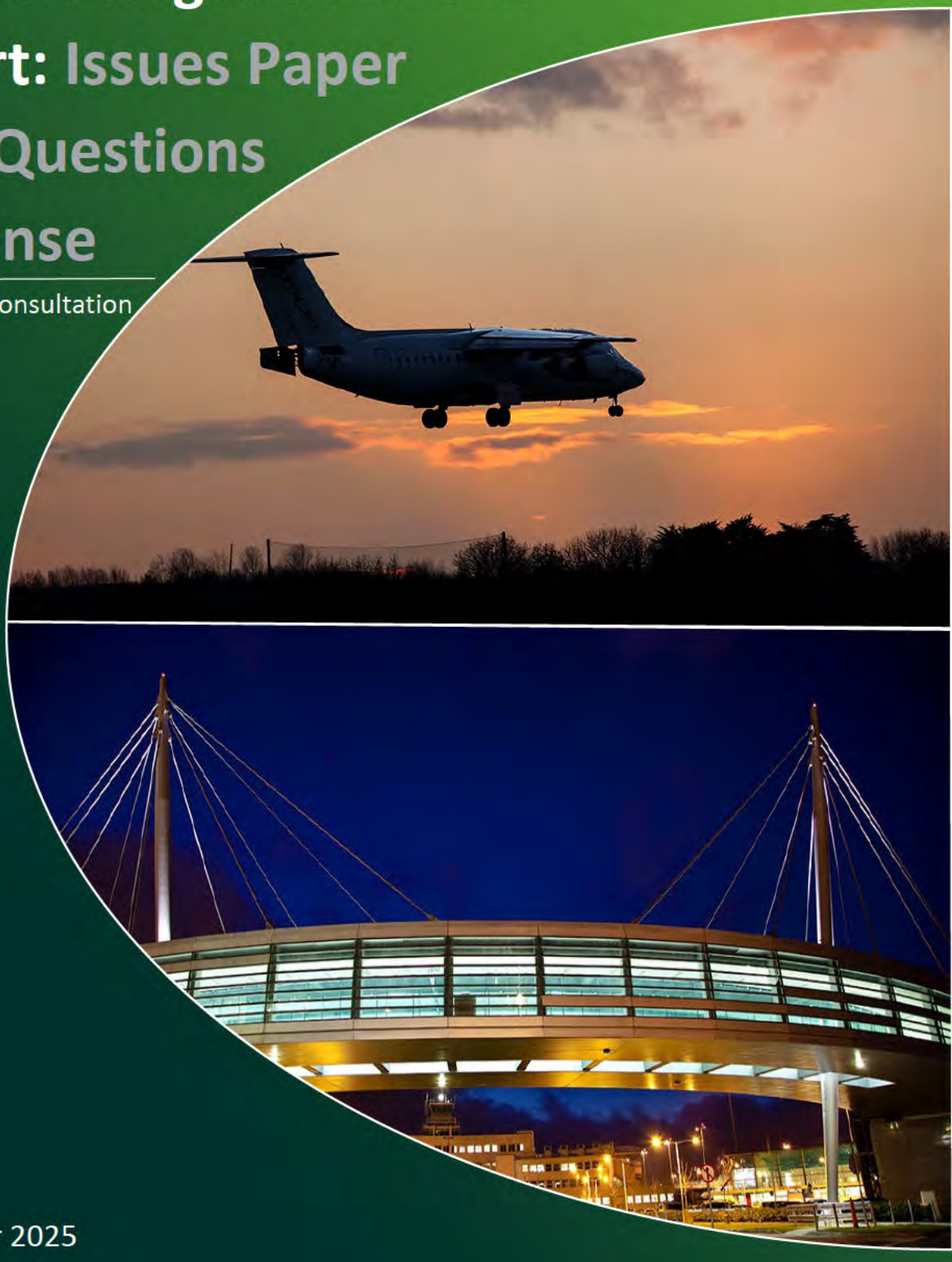
FTE	Full Time Equivalents
GDP	Gross Domestic Product
GHSP	Ground Handling Service Provider
GNI	Gross National Income
GVA	Gross Value Added
IAA	Irish Aviation Authority
IFS	Independent Fund Surveyor
IMF	International Monetary Fund
MNC	Multinational Corporations
MNE	Multinational Enterprise
MTI	Measures, Targets and Incentives
MW	Megawatts
NAP	National Aviation Policy
NATS	National Air Traffic Services
OBR	Outcomes Based Regulation
ODI	Outcome Delivery Incentive
Opex	Operational Expenditure
PAG	Passenger Advisory Group
PAS	Passenger Average Spend
PFAS	Perfluoroalkyl and Polyfluoroalkyl Substances
PRAM	Punish Reward Analysis Model
PRM	Passengers with Reduced Mobility
QS	Quantity Surveyor
RAB	Regulatory Asset Base
RCF	Revolving Credit Facility
RFR	Risk-Free Rate
RIIO	Revenue = Incentives + Innovation + Outputs
SAF	Sustainable Aviation Fuel
SBTi	Science Based Target Initiative
SQM	Service Quality Metrics
SQRB	Service Quality Rebate and Bonus
SSK	Self-Service Kiosk
TMR	Total Market Return
WACC	Weighted Average Cost of Capital

DublinAirport

Appendix 1:

2026 Determination on Airport Charges at Dublin Airport: Issues Paper IAA's Questions Response

Stakeholder Consultation



3 October 2025

Dublin Airport's Response to the IAA's Questions

This appendix provides Dublin Airport's response to the questions detailed in each of the chapters of the 2026 Determination on Airport Charges at Dublin Airport: Issues Paper Consultation:

Chapter	IAA's Question	Dublin Airport's Response
Legislation and Statutory Objectives	• Do you agree with our interpretations outlined in this section, and regarding the focus of our statutory mandate?	• Dublin Airport largely agrees with this interpretation, but would highlight certain matters as requiring emphasis in IAA determinations. • Section 33 of the Aviation Regulation Act, 2001 ("2001 Act") provides that when making a determination, the IAA must seek to a) promote the safety and security at the Airport, b) facilitate efficient and economic development of the Airport, c) promote cost-effective services at the Airport, and d) take account the policies of the government on aviation, climate change and sustainable development ("Section 33 Factors"). Two points in particular arise from how the Section 33 Factors are drafted. Firstly, it would appear that (a), (b), (c) and (d) each have equal weight. Secondly, the concepts of efficiency and cost-effectiveness in (c) and (d) are not synonymous with cost-cutting and rather must be interpreted with emphasis on quality / value-for-money and from a longer-term perspective. As the concept of quality would also include (a)(safety and security) and (b) (Government policy goals), quality (and not cost-cutting) is what underpins all of the Section 33 Factors and requires emphasis in IAA determinations. • Dublin Airport notes that the IAA indicates in paragraph 3.14 that when making its price determination that it will continue to promote safety and security, and that where it is required for compliance purposes, efficient cost estimates will be included in the regulatory settlement. • Dublin Airport would favour the language used by the IAA in paragraph 3.95 of the Issues Paper, where the IAA refers to including required costs associated with security compliance.

Chapter	IAA's Question	Dublin Airport's Response
		• We note further that a quality-centric interpretation of 'efficient' is particularly important in respect of security matters where quality is the hallmark of efficiency. • Dublin Airport disagrees with the IAA's statement in paragraph 3.101 that the 2026 Determination would be the first determination to be made under Section 32(2) of the 2001 Act, subsequent to the commencement of Section 39A. Dublin Airport remains of the view that the current price cap determination[1] was the first determination to be made under the current regime. This is because Section 39A was inserted into the 2001 Act by the Air Navigation and Transport Act 2022, which commenced before the current price cap. • Dublin Airport notes that the IAA has set out in paragraphs 3.102 - 3.103 what it believes to be the correct legal test for an appeal to the High Court under Section 39A, while acknowledging that the test is not specified in the legislation nor is there precedent on this point. Dublin Airport does not comment on the IAA's views on this test as Dublin Airport does not see this matter as one that is suitable for consultation nor does it view the forum to be appropriate.
	• Do you think that there are any other relevant policies which we have not addressed, and how should any such policies be taken into account for the 2026 Determination?	• Dublin Airports notes that within this section of the Issues Paper sustainability and growth are correctly identified by the IAA as the prevailing aspects of the relevant policies. • In addition to the policies listed, consideration could be given to: ➢ Environmental and Climate Commitments: Ireland's Climate Action Plans and the Pathfinder for Irish Aviation document highlight the importance of sustainable aviation practices, including low-emission technologies and alternative fuels

[1] The IAA's Decision on an Interim Review of the 2019 Determination in relation to 2023-2026 (made on 23 December 2022).

Chapter	IAA's Question	Dublin Airport's Response
		➢ EU Regulatory Frameworks: EU directives on airport charges, competition, and consumer protection should be integrated, especially where they influence market definitions or benchmarking against European peers. Cognisance should be provided to the ongoing EU Fitness Check which is reviewing the Airport Charges Directive, Slots Directive and Ground Handling Directive.
	▪ Do you agree that we have identified the key aspects of the relevant policies for the purpose of making the determination? If not, please identify what other aspects you consider to be important.	▪ The key aspects identified such as financial viability, service quality and benchmarking are appropriate. Additional aspects worth giving consideration to would be: ➢ Passenger segmentation and demand elasticity: The current market definitions lack granularity which could affect pricing fairness. ➢ Stakeholder engagement and transparency: We note the ongoing consultation on the Passenger Advisory Group, the output of this engagement should hold weighting in the Determination consideration in order to inform the proportionality of the decision. ➢ Resilience and Future proofing: With the volatility and challenges present during the time of the Determination, material weight should be applied to flexibility.
	▪ What weight should we afford to such aspects in our decision-making when making the 2026 Determination, and what decisions or prioritisations should that lead to?	▪ In terms of the weight that should be afforded to those aspects when making a Determination, Dublin Airport believes that Section 33 of the 2001 Act should be read as meaning that 'cost efficiency' is only one factor which is not more weighty than the other Section 33 Factors as noted above.
Approach to Regulation	▪ Do you agree that we should continue to use the Building Blocks approach based on 'challenging but achievable' forecasting standard?	▪ Yes, continuing with the Building Blocks approach based on a "challenging but achievable" remains appropriate for this Determination, pending a structural review thereafter. The current model allows for transparency and consistency by forecasting: ➢ Efficient operating and capital costs ➢ Commercial revenues ➢ Passenger traffic ▪ However, where appropriate, relevant adaptations to within the approach to the building block review should be considered. In general, this approach aligns well with statutory objectives and international best practice.

Chapter	IAA's Question	Dublin Airport's Response
	• Do you agree that the determination should again take the form of a single maximum permitted average charge per passenger in each year of the regulatory period?	• Maintaining a single maximum permitted average charge per passenger per year is a sound regulatory mechanism. It simplifies the pricing structure, enhances predictability for airlines, and supports benchmarking across European airports.
	• Do you agree that a 5-year determination period continues to strike an appropriate balance? If proposing an alternative period, you should look to show how an alternative period would better align with our Statutory Objectives.	• While we accept the consistency in application with a 5 year Determination period. A longer Determination (6 or 7 years) could be considered preferable in certain circumstances Particularly in regard to: ➢ Better alignment with major capital investment cycles ➢ Enhanced regulatory stability ➢ Reduced administrative burden and costs.
	• Do you agree with our high-level thinking to continue the existing approach to allocation of risk into the 2026 Determination? If not, what changes should we make and why?	• Continuing the existing approach to risk allocation appears reasonable. The IAA has not proposed major changes in this area, and the current framework has supported financial viability while maintaining service quality. However, stakeholders may wish to revisit: ➢ Treatment of demand risk (especially post-COVID recovery) ➢ Incentives for capital delivery delays ➢ Risk-sharing mechanisms for major infrastructure projects • Any changes should be justified by their impact on efficiency, resilience, and user outcomes.
	• Do you think that there is merit in Dublin Airport, and airlines, jointly appointing an Independent Reporter to report on the Dublin Airport-led consultation process?	• There is merit in jointly appointing an Independent Reporter for the Dublin Airport-led consultation process. This could: ➢ Enhance transparency and trust between daa and airlines ➢ Ensure balanced representation of stakeholder views ➢ Improve the credibility of the consultation outcomes • While not mandated, this idea aligns with good regulatory practice and could be particularly valuable given the scale of upcoming capital investments and the complexity of the issues involved. However, Dublin Airport believe that should this be progressed, this appointment would be best managed by the IAA rather than Dublin Airport.

Chapter	IAA's Question	Dublin Airport's Response
Passenger Forecast	• Do you agree with our overall proposed approach?	• Dublin Airport welcomes that the IAA is proposing to consider all forecasts and evidence provided to them rather than simply opting for the roll forward of the univariate Passengers on GDP model. Dublin Airport has outlined in its forecast chapter how multivariate and blended models could be employed and invites the IAA to consider the evidence surrounding these when determining its approach.
	• What data sources/traffic forecasts do you consider relevant to our projections?	• **Past Dublin Airport passenger numbers:** There tends to be a trend between past, present and future passenger numbers at Dublin Airport which can be computed based of the CAGR's for Dublin Airport passengers. With greater weight given to the last 5 years since most of the regulatory determination spans the next 5 years. • **Ireland (CSO and Irish Central Bank)**: GNI* - due to the growing gap between Irish GDP and GNI*. *50% of total weight given to GDP drivers should be given to Irish GNI* accounting for roughly 50% of passengers being Irish originating.* • **UK, US (IMF) and Europe (FRED – Federal Reserve Bank)** – passenger numbers and GDP (GDP for Eurozone for Europe). To be used for blended model as these 3 pairs make up 94% of Dublin Airport's point-to-point passengers. • **Ireland population (CSO)**: Since there is a statistically significant relationship between passengers and population – while interlinked with GDP – there are also exogenous to GDP features of population i.e. people's family planning/growth can be largely independent from finance and people migrate for other reasons than economics. • **IATA, ACI and Eurocontrol forecasts**: Act as baseline to how forecast tracks as well as accounting for what the aviation industry projects – deals with transfers too since they are related to global travel demand.
	• For any GDP (or related metrics) based models, should we continue to rely solely on IMF forecasts, or use a blend or midpoint of different forecasts?	• Dublin Airport does not see a GDP to passengers univariate model as useable, due to the increasingly weakening relationship between passengers and Irish GDP and the widening gap between GDP and GNI*. • In the case where IMF forecasts are available it could be acceptable to rely solely on those. However, for metrics where they are not available like GNI* there might be merit in using midpoints or blends in the forecast, as these figures are constructed by local bodies which generally have less resource to forecast vs supranational bodies.

Chapter	IAA's Question	Dublin Airport's Response
	• How should we address the pandemic period within any GDP based modelling? What time period should we consider to be the 'pandemic period' for that purpose?	• Dublin Airport can see advantages to the dummy variable approach as this preserves the sample size and avoids selection bias, while also demonstrating what is the difference in the elasticity of GDP/GNI* to passenger numbers during the pandemic compared to in normal times. • Dublin Airport considers the periods from 2020-2022 as the pandemic period. Since there were COVID-19 restrictions up until March 6th 2022. Therefore, part of 2022 was impacted by the Pandemic.
	• If we were to estimate a multivariate causal forecast, what explanatory variables would be important to include?	• For a multivariate forecast the following explanatory variables are important: 1. **Irish GNI*:** most accurate reflection of Irish economic activity which has a statistically significant relationship with Dublin airport passenger demand. 2. **Total Dublin Airport Passengers** 3. **US, UK, Europe:** GDP and Passengers to/from Dublin Airport. *IMF source for UK and US – FRED (Federal Reserve Bank) for Europe.* 4. **Irish population (CSO):** population impacts travel demand with birth rates and migrations having exogenous to GDP components. • **IATA, ACI & Eurocontrol forecasts:** captures global aviation market trends, transfer demand and more complicated forecasts which larger organisations unlike Dublin Airport and IAA have far greater scope and resource to conduct.
	• Should we consider using a more disaggregated passenger forecast?	• Yes – given the declining relationship between passenger numbers and Irish GDP, as well as macroeconomic uncertainty a more disaggregated model spreads out the effect of uncertainty and potential distortions from any one explanatory variable.
	• Do you have any views in relation to the other approaches we used in 2022, in particular the use of the EUROCONTROL forecast together with load factor assumptions, or the slot demand based forecast?	• Dublin Airport does see merit in incorporating the Eurocontrol forecast as this larger organisation has the scope to carry out far more complex and detailed forecasts and account for variables and methodologies which daa nor IAA has scope to do i.e. they use machine learning. • Rather than applying a load factor assumption Dublin Airport in its blended model for CIP27, calculated the elasticity between passengers and historic TNSU.
	• How should we take account of any Operating Restrictions and/or any potential capacity constraints on a demand-led forecast?	• What legal constraints will be in effect in each year in the period 2027-2032 must be a central consideration for the IAA in designing and undertaking this review. While

Chapter	IAA's Question	Dublin Airport's Response
		uncertainty is always at play in forecasting, the level and uncontrollable nature of this uncertainty is extraordinary and requires a commensurate IAA response. • However, before the IAA makes any assumption about legal constraints in its ultimate Determination, it is incumbent on it to assess all realistic alternative scenarios and evidence in Consultation the reasons for its view on which of those scenarios is most likely to transpire in each and every year of the period. We would expect the IAA to explain how it is following relevant best practice decision-making frameworks such as that set out in Frontier Economics' March 2003 Report, 'Regulatory mechanisms for dealing with uncertainty'. • As the delivery of large scale, capacity relieving infrastructure is likely to be impeded by planning timelines over the regulatory period, the IAA must ensure forecasts consider the physical infrastructure constraints that exist and identify how those constraints will limit growth.
Operating Expenditure	• How Opex should be expected to evolve over the determination period? Is there scope for Dublin Airport, if managed effectively, to become more efficient/productive over the period of the next determination? Or will cost pressures lead to a productivity degradation? What factors or relevant considerations are likely to drive this outcome?	Over the Determination period, operating expenditure at Dublin Airport is expected to increase in real terms, driven by a combination of structural cost pressures and operational dynamics. **Key Drivers of Opex Evolution** • Security Operations The full-year impact of the new security operating model from 2026 will materially increase baseline costs. This reflects both staffing and technology investments required to meet regulatory and passenger expectations. • Passenger Volume Growth Growth in passenger numbers will drive variable costs upward, particularly in areas such as cleaning, waste, energy, and passenger processing. The cost impact will be sensitive to the profile of growth—i.e., whether it occurs during peak periods or in constrained parts of the airport, which typically require more intensive operational support (e.g., bussing, wayfinding, queue management). • Capacity Constraints

Chapter	IAA's Question	Dublin Airport's Response
		Many processors at Dublin Airport are already operating at or near capacity for much of the year. Without corresponding infrastructure expansion, further growth will exacerbate operational strain, increasing costs disproportionately. ▪ Labour Market Pressures Dublin and Ireland continue to experience tight labour markets, with strong competition for talent. Real wage inflation—estimated at approximately 3.0% YoY for June 2025 vs June 2024—is expected to persist, driving up staff-related Opex across security, customer service, and maintenance functions. ▪ Employment Legislation Upcoming changes such as living wage mandates and pension auto-enrolment will structurally increase employment costs, particularly for lower-paid roles that are prevalent in airport operations. The IAA's funding settlement is for Opex should be calibrated such that Dublin Airport is able to compensate the workforce operating a critical national infrastructure asset appropriately—so that staff compensation reflects the increasingly high cost of living in the Dublin area. ▪ Regulatory & Environmental Compliance Compliance obligations—both regulatory and environmental—will continue to grow. This includes costs associated with sustainability reporting, emissions reduction, and waste management, as well as health and safety and aviation security standards. The IAA's funding settlement is for Opex should be calibrated such that Dublin Airport is adequately funded to meet regulatory and environmental standards. ▪ Infrastructure Additions New infrastructure will have a dual impact: o Cost-increasing: Larger footprint will drive higher cleaning, maintenance, and energy costs. o Cost-reducing: Additional capacity may alleviate some of the inefficiencies and costs associated with operating in a constrained environment (e.g., reduced need for bussing and wayfinding support). ▪ Digitisation & Technology

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		Digitisation presents opportunity for long-term efficiency gains across business through automation, predictive analytics, and improved resource allocation. However, these benefits will be preceded by material upfront investment in IT infrastructure, systems integration, cybersecurity, and change management. The cost of digitisation will therefore contribute to Opex in the short to medium term, even as it enables productivity improvements over time. We note that productivity gains resulting from of digitisation will be offset by the upwards pressure on real wages, as technology unlocks productivity improvements across the Irish economy.
	• How efficient is Dublin Airport currently? Do you see areas of particular efficiency or inefficiency, and on what basis?	Dublin Airport is objectively an efficient airport: • Opex for 2024 is inline (+1.8% higher) with the IAA's challenging opex targets, despite the IAA's under sizing of the security operation while delivering additional passenger growth and commercial revenues. • Dublin Airport has managed to reduce opex per pax in real terms from 2019 and 2022 (adjusting for rates and regulatory charges which are included in the cost pass through mechanism). This has been achieved while expanding the airport, adding new technology, making progress on sustainability goals, absorbing real pay inflation and maintaining passenger service levels. See below for further details. • Dublin Airport's EBITDA margin is above peer average in both 2023 and 2024 despite having airport charges 33% lower than peers and insourced retail operations. Swapping Dublin Airport's airport charge for the peer average of €13.86 brings the 2024 EBITDA margin to 52% (+9.6%) and changing the retail financials to a concession model increase 2024 EBITDA margin to 58% (+6.5%). At 58%, Dublin Airport would have the 5th highest EBITDA margin of peers reviewed by the IAA.
	• Do you agree with our proposed approach to estimating Opex, namely a bottom-up analysis, supported by top-down sense checks? Are there any other categories of Opex that you think would benefit from a 'deep dive' bottom-up review, such as is currently ongoing in relation to security, and why?	We support the proposal to estimate Opex using a combination of bottom-up analysis, top-down benchmarking and sense checks. If implemented appropriately, such a methodology should provide a balanced and transparent framework for assessing both the efficiency of the current cost base and the credibility of future forecasts. **Baseline Efficiency Assessment** Establishing a robust baseline is critical. This should be informed by: • Benchmarking against peer airports and industry norms.

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		• A review of the existing IAA Opex allowance. This triangulated approach will help ensure that the starting point for forecasting reflects both historical efficiency and current operational realities. **Opex Forecasting Approach** We agree that a bottom-up forecast, developed in close collaboration with Dublin Airport, can be one approach to projecting future Opex. Such a forecast needs to be based on a more collaborative approach than taken at the 2022 review, in order to avoid again underestimating the number of FTEs required to staff Dublin's security operation. Ongoing engagement will be key to capturing evolving pressures and operational changes, and to maintaining transparency throughout the determination process. **Additional Area for Bottom-Up Review** While the current deep dive into **security costs** is appropriate given the scale of operational change, we believe that **cleaning and service delivery** is another category that would benefit from a targeted, less detailed bottom-up review. • These cost lines are influenced by multiple factors including passenger volumes, terminal footprint, service standards, and contracted delivery models. • A more detailed understanding of the drivers of these costs, such as cleaning frequency, space utilisation, and service level expectations, would support a more accurate and fair forecast. • While this review need not be as extensive as the security analysis, a focused examination would help ensure that allowances reflect operational needs and efficiency opportunities. A well calibrated bottom-up approach, supported by top-down checks, represents an appropriate approach to estimating future Opex. Expanding the scope of detailed review to include cleaning and service delivery would enhance the robustness of the Opex forecast and ensure that future allowances are aligned with both cost realities and efficiency potential.

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	• Should any efficiency possibilities be assumed from the outset of the period (if identified), or should a period of rectification be allowed to account for such potential inefficiencies?	• A phased-in approach would be most appropriate if any efficiencies are considered to be required. We note that the gap between the IAA's forecast of security FTEs and outturn data does not represent an inefficiency gap, but rather is the consequence of errors and omissions in the approach taken to projecting security FTEs at the 2022 Review.
	• Do you agree with the proposed allocation of Opex risk? Are any changes required to the Opex passthrough mechanism, and if so, what should be adjusted?	• The broad structure of the current allocation of Opex risk is appropriate. Dublin Airport should carry the risk of managing an efficient operation withing the parameters of the cost base that it can influence. However, we propose that the passthrough mechanism is expanded to include changes in energy prices; insurance premiums; and evolving safety regulations and sustainability obligations. • Any costs imposed by third party bodies should be reflected in the passthrough mechanism.
Commercial Revenue	• What factors, in your view, have driven the outperformance in the period from 2023 to date?	• Refer to Commercial Revenues Chapter [Section 7.2].
	• What approach(es) should we adopt to forecasting Commercial Revenues? What considerations do you think should be accounted for?	• Refer to Commercial Revenues Chapter [Section 7.4].
	• How should we ensure that the forecast balances challenge with achievability?	• Striking the right equilibrium is critical: forecasts that are overly ambitious risk undermining confidence in the process, while targets set too conservatively may fail to unlock the full potential of commercial revenue streams. • A robust approach involves grounding forecasts in sound, up-to-date data, while also factoring in historical trends and the impact of exceptional events. By transparently acknowledging both structural shifts and one-off influences, the IAA can ensure that projections neither overstate nor underplay Dublin Airport's potential. • Ultimately, the goal should be to establish a forecasting model that motivates innovation and sustained commercial revenue growth.
	• Do you see any benefit from further disaggregation of the Commercial Revenues forecasting categories, relative to the 2022 Review Decision?	• In 2024 the Net Retail accounted for 45% of total Commercial Revenues. As outlined above this line item has three discrete elements 1) direct retail sales including duty free, 2) Food & Beverage Concessions & 3) Direct Retail concessions. Given these line

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		• items have distinct drivers it would be useful to have the forecasts for these revenue lines disaggregated for the next determination
	• Should we consider a broader range of drivers? If so, which drivers?	• The Commercial Revenue forecast would benefit from a more detailed bottom-up approach for line items where contractual agreements will have a large impact on revenue for the next determination period. In particular the areas of Food & Beverage Concessions, Retail Concession and Commercial Concessions would benefit from a bottom-up approach factoring in competitively tendered contractual positions
	• What data should we rely on? Given the varied trends over time, should we continue to place weight on significantly dated data (such as pre-2010 data)? Or, like is done commonly in relation to cost of capital analysis, should we place more or exclusive weight on more recent data?	• As noted in Section 7.4, Dublin Airport's view is that Commercial Revenue trends should be based on bottom-up analysis of key drivers instead of relying on historical elasticity relationships which could fail to capture structural changes. Recent performance in areas of Direct Retail, F&B and Car Parks have been impacted by one off factors that are not expected to be repeated (at least in the short term). Indeed, we expect Car Park performance to reverse back towards pre-pandemic levels now that the QuickPark facility has reopened (it was closed from September 2020 to March 2025). • 2020 and 2021 were outliers as a result of COVID-19. However, this does not mean that the data is not relevant for understanding the relationship (i.e. elasticity) between commercial revenue and passenger numbers. The fact that significant categories of commercial revenue, such as commercial property, did not move in line with passenger numbers is clear evidence that the underlying drivers of these categories are different. In other words, while the pandemic and its impact on passenger numbers was a significant outlier, it does not necessarily follow that the relationship between passenger numbers and commercial revenue revealed over the same period is irrelevant. Selectively omitting these years from calculations of elasticities would require more justification beyond just stating that this was an outlier period for passenger numbers.
	• Should we continue to use rolling schemes in some or all categories? If so, should we retain a cap on total outperformance of the rolling schemes? Does 10% remain appropriate?	• Refer to Commercial Revenues Chapter [Section 7.6].

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	• Do you think we should make any changes to the regulatory accounting treatment of any revenue lines as between commercial and aeronautical revenues?	• Refer to Commercial Revenues Chapter [Section 7.5].
Cost of Capital	• To what extent we should rely on 'rolling forward' the 2019 and/or 2022 methodology into the 2026 Determination? Are there WACC components where we should now take a different approach, and if so, which ones and why?	• Dublin Airport views some but not all of the 2019/2022 methodology as eligible and suitable for a roll forward with the exceptions of: 1. Embedded Debt Costs Did not fully allow for all embedded debt costs i.e. liquidity and cost of carry costs. 2. Cost of equity – particularly asset beta Previous comparator sets faced different regulatory and business risks as-well as liquidity. 3. TMR – data series used for European returns which includes non-Eurozone countries. Previous data samples included non-Eurozone countries which are less relevant to the Irish market. 4. DGM model parameterisation: Previous parameterisation is less robust and thus failed to adequately reflect actual market conditions and was less transparent. 5. Additional borrowing costs Not fully allowed for previously as omitted re-financing, liquidity and carry costs.
	• What data sources should we use, for each component?	• **DGM Model:** Actual dividend forecasts from financial providers. • **Cost of New debt:** iBoxx yields and iBoxx index for external benchmarks. • **RfR:** German and Irish government bond yields. • **TMR:** DMS dataset. • **Additional borrowing costs:** Liquidity – revolving credit facilities information available on the commitment fees payable for maintaining a facility of a given size each year.
	• To what extent should we rely primarily or exclusively on recent data versus data over a longer time horizon; should this vary by component and why?	• **Asset Beta:** No ideal time period to focus on – Therefore, should not just focus on post-pandemic time period, as this risks underweighting the threat of future downside shocks and narrowing in on a time period that may not be representative of the next Determination period.

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		• **TMR:** Continue placing weight on long-run historical evidence – provides regulatory stability and predictability. • **RfR:** 1-3 month averaging periods are currently appropriate – places adequate weight to current market conditions and country specific risk. • **Cost of new debt:** iBoxx 1-3 month averaging yields balances need for up-to-date observations which reflect relevant market conditions while avoiding reliance on spot figure from any given day.
	• In calculating the RfR, what is the most appropriate averaging period to use, and does the use of both Irish and German government bonds remain appropriate?	• The current most appropriate averaging period to use is the 1-3-month averaging period. • It is still appropriate to use both Irish and German government bonds since the Irish bonds account for country specific risks.
	• How should we estimate Dublin Airport's asset beta?	• The asset beta should be calculated by using data that goes further back than just the pandemic as this avoids excessively weighting one potentially unrepresentative period. • The comparator set should only include airports that: 1. Faces similar business risk as Dublin Airport. 2. Faces similar regulatory risk as Dublin Airport. 3. Liquidly traded. Otherwise their exposure to market risk is different. • IAA should consider other regulatory decisions to cross-check its analysis e.g. LHR H8, DORA III etc.
	• Does it remain appropriate to estimate the ERP using the TMR, or are there any compelling reasons to estimate the ERP in isolation?	• It remains appropriate to estimate the ERP as the difference between TMR and the RfR.
	• With respect to the cost of debt, is it appropriate to continue to use the 2022 methodology, or is there merit to returning to a debt-premium approach, or a combination of both?	• The cost of debt approach necessities a few changes. • Dublin Airport agrees with the retention of embedded debt cost approach with the key caveat that they are fully funded based on the actual Dublin Airport debt book. • Inclusion of allowance for liquidity and carry costs incurred when raising new debt.
	• Are there any compelling reasons to change the notional gearing approach?	• No, this should be retained as is in line with regulatory consistency.

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	• In what circumstances (if any) should we include an 'aiming up' allowance?	• The aiming up allowance should be included under all circumstances since: 1. The risk of understating the WACC is far greater than the risk of overstating it for the development of DUB. 2. Consistent with regulatory stability and predictability where parameters applied consistently overtime. 3. Asymmetric risk: in capacity constrained environment upside limited, but downside risk remains. 4. Compensates for difficulties in accurately calculating the beta.
	• What cross-checks or sense checks should we carry out in relation to the WACC components and/or the overall WACC?	• Benchmark results compared to other regulators as a cross-check. AENA and Heathrow price controls happening at same time so serve as good sense check for capturing aviation sector risk. • Benchmark against utility regulators in Ireland, offers good check against country specific risk. Furthermore, since aviation is riskier than the utilities sector, it should have a higher a WACC.
Capital Expenditure	• Do you agree with our proposed approach to modelling capital costs, and assessing CIP27? If not, what do you think we should do differently and why?	• Dublin Airport. broadly views the IAA's overall approach as structurally sound, with some targeted refinements required to safeguard financeability, reflect Irish market conditions, and preserve delivery flexibility. • We recommend retaining the RAB framework with return on/return of capital and annuitised depreciation; asset lives should remain evidence-based. • Inflation should be indexed to a recognised construction price index rather than set through ex-ante uplifts, so allowances track actual market conditions while maintaining efficiency incentives. • Independent efficiency assessment and capacity/service-standard validation should continue. Cost benchmarking, however, must reliably reflect the Irish delivery context—either via an Irish-based IFS or, where not, by mandating consultation with an Irish QS and the use of local market data/uplifts. • Flexibility mechanisms should be retained and refined: keep grouped allowances (with fewer, clearer groups) and apply StageGate proportionately.

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	• Do you agree with our proposed approach to flexibility, in respect of the StageGate process and grouped allowances, with the minor modifications outlined above? If not, what do you think we should do differently and why?	• Dublin Airport generally see the IAA's proposed approach to flexibility as acceptable, including the continued use of the StageGate process and grouped allowances, however it does deem some practical refinements as necessary. • We believe the StageGate framework should remain focused on large, complex projects where cost and scope uncertainty are material. For projects that remain within their SG0 allowance and have no material change in scope, a full SG1 reassessment should not be required; instead, progress can be reported through live updates at quarterly consultations. This would reduce unnecessary process burden, avoid delays to critical projects and make better use of the IFS resources, focusing on larger more complex projects exceeding the SG0 allowance. • We also broadly support the continued use of grouped allowances but recommend fewer, broader groups to provide greater flexibility to reallocate funds as priorities evolve during the regulatory period. This flexibility is essential to manage planning risks and delivery challenges effectively. Transparency can be maintained through clear group definitions, materiality thresholds for reallocations, and regular reporting. Publishing the IAA's treatment of allowances after each StageGate cycle would further enhance certainty for all stakeholders.
	• If we retain the current flexible/deliverable/StageGate approach, what factors should we consider when designating a project as Deliverable?	• Dublin Airport is generally acceptive to retaining the flexible/deliverable/StageGate approach contingent on implementation of refinements and recommends that Deliverables be designated narrowly. • Projects should be classed as Deliverables where (i) they are statutory or regulatory requirements, and/or (ii) the output is non-substitutable within the period. In practice, this means prioritising mandated compliance works (e.g., C3 security screening) and projects whose outputs cannot be credibly deferred or replaced without undermining compliance, capacity, or service continuity. Deliverables should also have sufficient design maturity and defined scope to commit credibly to timing and cost, and where failure to deliver would block or invalidate other interdependent programme elements. Keeping the Deliverables category tight preserves flexibility elsewhere in the portfolio and reduces process burden while ensuring accountability for must-do outcomes.

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	• If we allow for a flexible delivery approach within a group, would you be in favour of more or fewer groups? Fewer groups would afford Dublin Airport more flexibility by allowing it to reallocate the allowance to a larger number of projects while more groups would restrict the allowance to a smaller number of related projects.	• Dublin Airport would favour fewer, clearly defined groups. This approach provides greater flexibility to reallocate allowances across a wider range of projects within each group as priorities evolve during the regulatory period. Such flexibility is essential to manage planning risks, sequencing challenges, and market uncertainties without requiring additional regulatory processes. Transparency can be maintained through clear group definitions, materiality thresholds for reallocations, and regular reporting to stakeholders. This strikes the right balance between flexibility for efficient delivery and oversight for accountability.
	• What threshold(s) or criteria should lead to a project being designated as StageGate? Should a project's inclusion in StageGate be purely cost based? • Do you have any feedback on the interim capex consultation process? Are there any changes you think are needed/ what worked well?	• **StageGate designation**. StageGate should not be applied on a purely cost basis. It is most effective for large, complex projects where scope and cost are expected to evolve through design, planning and procurement. Inclusion should reflect complexity, planning dependencies and delivery risk, with cost magnitude as a supporting factor rather than the sole trigger. We propose a risk-based application: for well-defined complex schemes (e.g. terminal extensions, piers) a full SG1 reassessment should only be required where costs are expected to exceed the SG0 allowance; otherwise projects can progress and provide live updates at the quarterly StageGate consultations. Extensive, multi-phase programmes that need further feasibility (e.g. major utilities, environmental remediation) should undergo full SG1 given the inherent uncertainty. • Interim **Capex Consultation**. daa supports retaining the option of an interim capex consultation where needed. • However, we feel that pegging the IFS assessment for the consultation within an existing quarterly StageGate cycle caused delays and diverted resources from the normal StageGate process. Instead, we propose agreeing a timeline with the IAA and IFS tailored to the need and complexity of any project(s) included within a requested consultation. We propose that this timeline, particularly for IFS assessment, work independently of a quarterly StageGate cycle, with the formal consultation with Airport users taking place at the next available quarterly StageGate consultation with Airport Users once the assessment has concluded and DAP has answered all RFI's during the assessment period.

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		• Where grouped allowances are relevant, evidence requirements should be proportionate and not risk drifting a broad audit of the allowance, to this end we would ask for greater clarity on the role of the IFS and the burden of evidence to be provided by DAP in an interim consultation with the main focus being on the efficiency of the proposed projects prompting a request for an interim consultation and a narrowly defined focus on other factors to prevent scope creep or re-litigation of settled determinations.
	• Do you support the continued use of triggers in relation to certain capital projects? Do you propose any modification to the current approach to triggers?	• Dublin Airport deems acceptable the continued use of triggers as a tool to manage **delivery**-timing uncertainty for major projects, particularly where planning dependencies create risk. However, we believe triggers should be applied selectively and only where strictly necessary to avoid unnecessary complexity and maintain regulatory certainty. • We recommend introducing a third trigger point at the start of the regulatory period for **certain** essential projects valued at 10% of the project cost. This would provide early certainty on cost recovery for projects critical to capacity and service delivery, while milestone-based release would continue for the majority of allowances. We also support maintaining milestone-based triggers linked to objective events such as planning approval or site mobilisation, but we do not support demand or outcome-based triggers, as these have historically created complexity and unintended consequences. This approach ensures triggers remain a targeted flexibility mechanism rather than a default requirement.
	• What factors should we consider when deciding if a trigger should be applied to a project?	• Triggers should be used selectively and only where they help manage delivery-timing uncertainty. In deciding whether to apply a trigger, the IAA should consider: (i) the extent of planning dependencies and external timing risk; (ii) the criticality of the project for capacity, service or safety; (iii) the availability of clear, objective milestones to stage allowance release (e.g. planning approval, contract award, on-site commencement); (iv) the implications for financeability where allowances are withheld; and (v) the need to avoid unnecessary complexity, with triggers remaining a targeted tool rather than a default requirement.

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		▪ While milestone-based activation is logical, the Irish planning context can create uncertainty and delay; any planning-related triggers should therefore be used sparingly and calibrated to mitigate financeability risk. ▪ We do not support demand/outcome-based triggers.
	▪ Given the importance of Dublin Airport delivering capital projects which will support it in achieving its climate targets, do you think the IAA has a role in incentivising Dublin Airport to deliver the sustainability-related projects in a bespoke manner? E.g. by designating more sustainability projects as Deliverables and/or through incentive mechanisms?	▪ Dublin Airport recognises the importance of delivering projects that support climate targets and is committed to achieving a 51% reduction in Scope 1 and 2 emissions by 2030 and net zero by 2050. We believe sustainability projects should be prioritised where their primary purpose is decarbonisation or environmental performance. However, we do not support bespoke remuneration mechanisms or linking cost recovery to ex-post carbon outcomes, as this introduces uncertainty unrelated to delivery performance. Instead, these projects should follow the standard regulatory treatment—either StageGate or grouped allowance—based on their scale and complexity. ▪ Where sustainability projects are mandated or non-substitutable, it may be appropriate to designate them as Deliverables, consistent with the approach for other statutory requirements. daa will continue to provide transparent reporting on delivery and indicative environmental outputs (e.g., renewable generation capacity, electrification measures) as part of its regular reporting and StageGate updates. This ensures accountability without creating additional complexity or risk in the regulatory framework.
	▪ More broadly, would you support the introduction of a sustainability reputational incentive as part of the Quality of Service system? Do you think it would be appropriate to set a target and/or financial incentive for this type of metric, alongside the other service quality metrics?	▪ Dublin Airport supports enhanced transparency only—a reputational, non-financial sustainability indicator within the QoS framework. We do not support setting targets with any financial upside or penalty for sustainability metrics. Remuneration should not be linked to ex-post environmental outcomes; cost recovery should continue to follow the standard regulatory treatment based on efficient delivery and operation. If adopted, a reputational indicator should be limited to publication of clear, auditable information (e.g., installed renewable capacity, electrified fleet share, energy savings) with no price-cap consequences.

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Financial Viability	• Do you agree with our overall approach and methodology? Why or why not, and how should we otherwise assess this issue?	Dublin Airport Is generally in agreement with the IAA approach. • The pricing decision should target a minimum stand-alone credit rating for the Dublin Airport regulated entity of bbb+ in all scenarios. This should be the base case target, including for all cash flow outgoings (i.e. including dividends to the minister at 30%-40% as per the daa Shareholder Expectation Letter). • The review should be based on nominal values as this best replicates the funding environment that Dublin Airport will face and also correctly applies the cost of debt. • The IAA's methodology must reflect S&P's inclusion of a negative modifier for "Comparable rating analysis". An anchor rating of "a-" must be targeted in order to achieve a credit rating of "bbb+". This is achieved by setting threshold metrics of: o FFO: Net debt of 20% o Net debt / EBITDA of no higher than 4.0x (in line with S&P "Intermediate" Financial Risk Profile)
	• Without prejudice to the first question, do you agree with the detailed application of this approach as applied in 2022? In what way (if any) should the detail of the approach be amended for the 2026 Determination?	While the IAA's approach in 2022 correctly targeted a bbb+ credit rating, it fell short of fully assessing financial viability. • The correct thresholds for a bbb+ rating were not applied (FFO: Net debt of 20%, and Net debt / EBITDA of no higher than 4.0x (in line with S&P "Intermediate" Financial Risk Profile). • The analysis was completed against the scenario with no dividends. This does not test for the real-world scenario that Dublin Airport will operate in. A return to the shareholder is a base case assumption, excluding them fails to protect the target rating under the expected cashflows. While ceasing dividends are a viable mitigant, this methodology also understates the net debt position at the onset of a crisis (i.e. if there is a passenger decline in year 3, dividends for years 1 and 2 will have already been paid, thus increasing the net debt position). • The analysis did not adequately test for risks to Dublin Airport. A robust sensitivity analysis is fundamental to performing a conclusive financeability test. The sensitivity analysis is the only way that the IAA can confirm that the entity is fundable through the regulatory period, in most possible scenarios. The sensitivity analysis should reflect the fact that regulatory settlement is a target, and as such may not be

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		achievable (i.e. Dublin Airport forecasts should also be used in the analysis) and does not test for multi-factor events that are likely to occur (i.e. revenue yield decline as well as passenger decline). Dublin Airport's view is that to ensure a financeable pricing decision, a robust, multi-variable sensitivity analysis should be carried out, targeting to achieve bbb+ stand-alone rating at the 80% confidence level.
	• What reasonable downside scenarios should we model, and how?	• It is important that the IAA acknowledges that the building blocks which make up the financial forecast under review are, in fact, just forecasts and as such already contain a risk that they are not likely to play out as planned. The reality that the Commission sets forecast targets which are, by their own nature, likely to be harder to achieve, increases this risk. It is therefore crucial that fair and varied sensitivities on all building block assumptions are reviewed when determining a financially robust price cap. • The IAA should use multi-factor stress tests that combine adverse events in the manner in which they would be likely to occur (e.g. passenger decline, with reduced non-aero yield) to test resilience under compounded pressure. • It is appropriate to review the impact of historical disruptions (e.g. 2008 to 2012 economic conditions) to test whether the financial model provides for a robust, financeable Dublin Airport.
	• In what circumstances (if any) should we look to reduce or re-profile Capex allowances on the basis of identifying a financeability issue?	If the regulatory settlement is not financeable over the period, Dublin Airport proposes that the most appropriate option to address this as a matter would be the introduction of a revenue allowance over and above the level of revenues determined by the regulatory building block approach which would directly compensate for a potential financeability gap, and which would have the effect of increasing the present value of the regulatory company's revenue returns. The inclusion of an 'aiming up' provision in the cost of capital is a prerequisite and a minimum to safeguard against underestimating the value of the WACC. Dublin Airport strongly opposes the depreciation adjustment. Accelerated depreciation brings future revenues forward to correct current financeability issues. This approach has several problems: • It is poor regulatory practice. If the financeability test is not met - it is indicative that the decision is not appropriately calibrated - risks/rewards are not balanced. The

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		solution is to reconsider the very core of the decision rather than making ad-hoc adjustments to it. This would likely call for a WACC adjustment. • The depreciation adjustment does not increase financeability overall because it does not provide increased cash flows to Dublin Airport over time. • Furthermore, it does not affect the perception that the airport is more financeable since rating agencies and therefore lenders would discount it in their assessment. • It is not consistent with best practice as demonstrated by CMA precedent in the 2021 Water Appeals. • Creates a chronic problem and creates a financeability risk in the future. • Undermines the "users pay principles" and generates the need for a further adjustment in the future. The RAB reduction will weaken financeability of future periods.
Service Quality	• Overall, is Dublin Airport's current service quality appropriate? Are there areas where improvement is required, and if so which areas and in what respect?	We broadly support the current service quality system, but several changes must be considered. These are further outlined in Service Quality, Chapter 11.
	• In the case of airport Users, can you indicate specifically in what areas (if any) you would be willing to pay more for specifically higher service standards, and, all else equal, how much more? Equally, can you indicate specifically any areas where you would prefer to pay less for a lower service standard, and if so, what standard would be sufficient and how much of a price reduction (all else equal) would be required to make the lower standard equate to improved value?	We intend to engage with airlines as part of the consultation on our regulatory proposition, determining how we can work in tandem to promote improvements to passenger priorities. • We must consider the operational limitations of Dublin Airport and the airlines and other airport users in delivering these improved service standards, as well as the associated costs and reductions that would be necessary to implement. • This is further outlined in the Service Quality, Chapter 11.
	• Do you agree with the proposal to continue using the same data sources?	Yes – we overall agree with data sources. • We support the re-evaluation of data sources used for measuring security queue times, ensuring the method in place is most applicable, fit for purpose and relevant. • This is further outlined in Service Quality, Chapter 11.

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	• Should we add any new performance metrics or drop any existing ones? Which metrics and why?	We support the introduction of new metrics in the future to further incentivise high performance standards and spur on improvement, particularly in passenger satisfaction surveys and Assets & Baggage. • This is further outlined in Service Quality, Chapter 11.
	• What, for each metric, is the most appropriate reporting frequency and target setting horizon (e.g. daily, weekly, monthly, quarterly or annual)?	All metrics are reported to the IAA as part of the Monthly SQM Report. 1. Passenger satisfaction surveys: Scores are updated quarterly, groups that make up a smaller aspect of the wider passenger base, PRMs and transfers, are recorded and updated annually. 2. PRM: Updated annually, due to lack of data. 3. Assets & Baggage: Updated and reported monthly. 4. Security: Recording of data is daily, scores are aggregated and reported to the IAA monthly.
	• Do you agree with the proposals in relation to the nature of incentives, and the proposed approach to setting targets?	• Regarding nature of incentives, we require more bonuses to match the penalties in place, managing the asymmetric risk created. • We support the proposed approach to target-setting; however, we caution that if targets become increasingly demanding without balance, there is a risk that overall standards may decline. • This is further outlined in Service Quality, Chapter 11.
	• Is the current magnitude of the QoS scheme, both in terms of revenue at risk and bonuses which Dublin Airport may achieve, appropriate for the 2026 Determination or are changes needed?	• We understand that the price cap at risk should be proportionate. • Therefore, the weighting of the penalty and bonus on the untriggered price cap must be balanced and equal. This ensures that incentives remain proportionate and do not inadvertently skew priorities or outcomes. • This is further outlined in Service Quality, Chapter 11.
	• Do you agree that the approach in respect of exemptions should continue as per the current determination?	• The current grounds for security exemptions should be reviewed. Dublin Airport should not be penalised for breaches that could not be prevented. • This is further outlined in Service Quality, Chapter 11.
Other Issues	• Which approach(es) to inflation adjustments should we use? Do you have an alternative specific proposal for the construction of the inflation adjustment terms?	• The IAA's consultation paper suggests continuing with the current approach of adjusting price caps annually using CPI (Consumer Price Index), with February 2022 as the base year for real terms pricing: • Recommended Approach:

Chapter	IAA's Question	Dublin Airport's Response
		➢ CPI-based adjustment remains appropriate for simplicity and transparency. ➢ Consider dual-indexation (e.g., CPI + sector-specific cost indices) if certain cost categories (like energy or construction) diverge significantly from general inflation. ➢ Introduce automatic adjustment triggers for high inflation scenarios (e.g., >3% CPI) to avoid lag in regulatory response. • Alternative Proposal: A hybrid inflation adjustment mechanism: ➢ Base adjustment via CPI. ➢ Supplementary adjustment for specific cost categories (e.g., capital projects) using indices like the Tender Price Index or Eurostat's Construction Cost Index. ➢ This would better reflect actual cost pressures while maintaining regulatory predictability.
	• Do you think that there is any merit in setting sub-caps as part of the 2026 Determination? If so, what sort of sub-caps and why?	• We don't endorse setting sub-caps in the business as usual environment, with the primary rationale being: ➢ Potential complexity and misunderstandings in the application of the overall price cap. ➢ Dublin Airport only see downside risk with no upside incentivisation in the application of a sub-cap.
	• Do you agree with the proposal to retain the current approaches to under-collection and over- collection?	• The current k-factor approach allows for carry-forward adjustments in future years to correct for over- or under-collection, maintaining revenue neutrality over time. • We endorse retaining the current approach and see it as reasonable. It ensures predictability and avoids unnecessary volatility in charges. • Enhancement Proposal: ➢ Publish a clear reconciliation mechanism annually. ➢ Consider an increased tolerance (e.g., 7%) where minor deviations are absorbed without adjustment, reducing administrative burden.

Appendix 2:
Response to Issues Paper Annex:
Benchmarking of Airport Charges at Dublin Airport

Stakeholder Consultation

3 October 2025

Contents

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1. Introduction

1.1. Dublin Airport welcomes the IAA's '*Issues Paper Annex: Benchmarking of Airport Charges at Dublin Airport*'[1], an exercise to establish how Dublin Airport performs with respect to other airports regarding aeronautical revenue, commercial revenue and other financial metrics. It is important to outline how Dublin Airport compares to its European counterparts in the context of the upcoming 2026 Determination. However, Dublin Airport highlight several shortcomings with this analysis when comparing Dublin Airport's position in Europe in relation to competitive airport charges, cost, profitability and return on capital.

1.2. Effective and representative benchmarking should be applied to the forecasting process across many of the building blocks in the 2026 Determination. Efficiency targets can also be used as a glidepath to inform building block assumptions to form accurate forecasts.

2. Methodology

2.1. Dublin Airport calls into question the methodologies used by the IAA for its benchmarking analysis. From the analysis provided in Section 5 below, Dublin Airport consistently ranks below its counterparts.

The Comparator set

2.2. The comparator set includes ten European and three UK airports, selected on the basis of having within 15mppa of Dublin Airport traffic levels in 2023. This is considered a more appropriate sample given the similarities in size, scale, operating model and traffic mix.

Table *1* COMPARATOR AIRPORTS

Airport	2023 Passengers (m)
VIE	38
MUC	37
LIS	33.6
DUB	**33.5**
ORY	32.3
ZUC	28.9
CPH	26.8
OSL	25.2
BRU	22.2
ARN	21.8
LGW	40.9
MAN	28.8
STN	28.5

Source: Dublin Airport analysis

[1] issues-paper-annex---benchmarking-of-airport-charges-at-dublin-airportd10ae2c2-f3c6-44a1-9335-32c12494658c.pdf

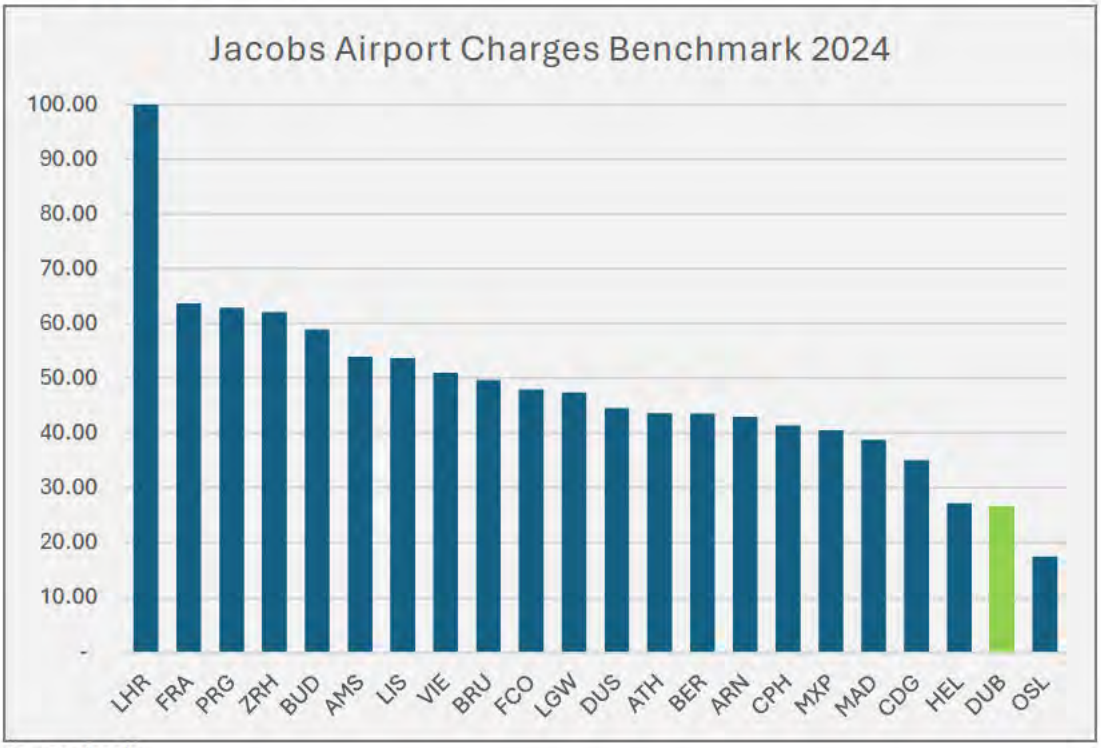
3. Jacobs Airport Charges Benchmark 2024

3.1. In addition to the below analysis set out in Section 4, The Jacobs Airport Charges Benchmark refers to the annual Review of Airport Charges report produced by Jacobs, a global professional services firm. This report is a widely recognized benchmarking tool. Key Features of the report are:

- **Comparative Analysis**: Evaluates how airports worldwide stack up in terms of operational and financial efficiency, particularly focusing on airport user charges.
- **Charges Index**: Airports are ranked based on a Charges Index, which reflects the cost of operating typical aircraft types at each airport.
- **Fleet Mix Sensitivity**: The report includes analysis based on a representative fleet mix (e.g., eight common aircraft types), but airports like Heathrow have commissioned bespoke analyses using their own fleet data, which can significantly alter their ranking.
- **Environmental Charges**: Includes noise-related landing charges and other environmental fees, which can heavily influence the index.
- **Annual Updates**: The report is updated yearly to reflect changes in airport tariffs, aircraft technology, and regulatory environments.

3.2. Figure 1 is the latest Jacobs report which supports the above analysis in Section 1.3 that Dublin Airport has comparably low airport charges when compared with peer airports.

FIGURE *1* JACOBS REPORT



Source: Jacobs

4. Limitations

Time Horizon

4.1. The data used in the IAA analysis relies on a single year of data and in some cases two, which does not capture improvements in Dublin Airport's performance over time and limits the usefulness of the findings, particularly in terms of financial metrics.

Consistency

4.2. For an analysis which aims to present like-for-like comparisons, variables are kept constant. However, in this analysis, the airport groupings are of different scale, size, operating models and traffic mix (e.g. LHR & HER). Due to limited availability of data, the IAA also changes the sample composition across analyses, reducing consistency and comparability.

Costs & Profitability

4.3. While revenue is important in determining performance, so too is cost. The IAA have ommited operating costs ("opex") from its analysis, despite this being one of the most material building block in the regulatory till model. Dublin Airport believes that including benchmarking on operating costs is important in assessing the efficiency of Dublin Airport relative to other aiports and should inform scope for further efficienies gains to be achieved in the next regulatory period. By solely focusing on revenue, this ignores the associated cost, of which Dublin Airport ranks high.

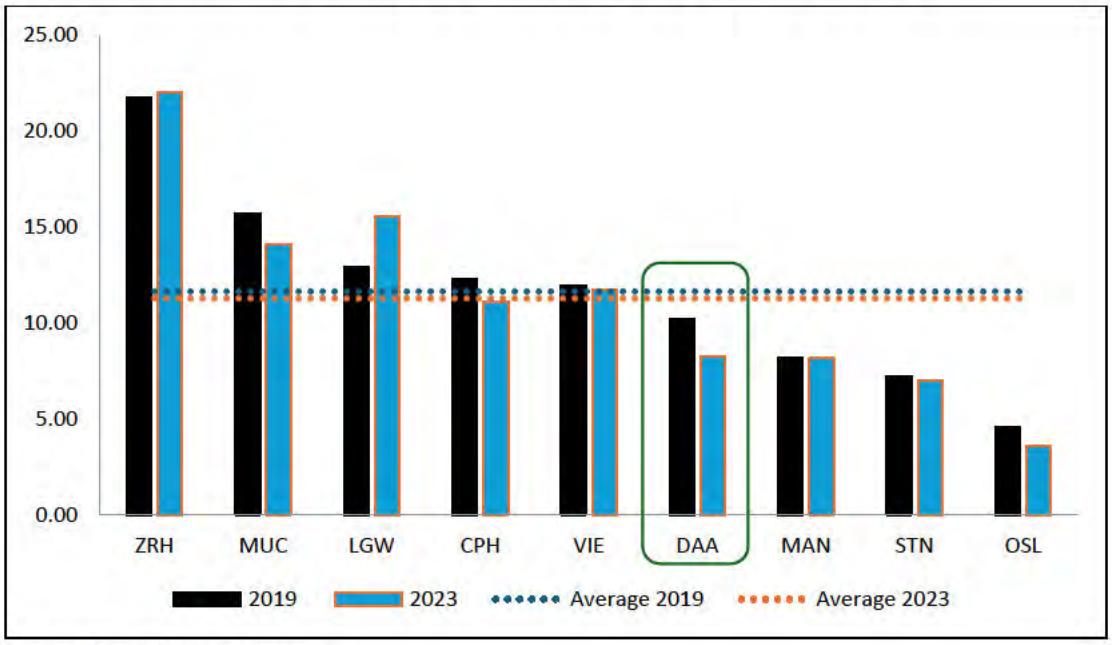
5. Benchmarking Analysis

5.1. This section provides benchmarking analysis comparing cost, revenue, profitablity and financial metrics which addresses some of the limitations outlined in Section 1.2 using a consistent approach and appropriate comparator set. The profitability analysis is based on a time horizon of 6 years from 2017-2023 as it is important to consider profatibility over a longer time period. In all cases we use longer time horizons - e.g. looking at 2019.

Aeronautical Revenue

5.2. As shown in Figure 2, aeronautical revenue per passenger has declined in real terms between 2019 and 2023. In should also be noted that Dublin Airport has significantly lower aeronautical revenues per passenger compared to other airports in the comparable set.

FIGURE 2 AERONAUTICAL REVENUE PER PASSENGER 2017-2023 (REAL TERMS)



Source: Airport financial accounts

Non-Aeronautical Revenue

5.3. The IAA benchmarking on non-aeronautical / commercial revenue is comprehensive with 30 comparator airports inlcuded for 2023 and 21 for 2024. As noted in the other sections above, the approach is somewhat limited with this benchmarking being as snapshot in time and not identifing trends over time. Moreover, it must be flagged that there are additional compariability limitations with benchmarking commercial revenue, namely due to different airports and jurisdictions defining non-aeronatical revenues in different ways. It is not always posible to decompose these components so that the comparisons are like for like, this invariably introduces distortions into results.

5.4. As noted in the IAA report, Dublin Airport ranks towards to the top of comparator airports in both 2023 (10th of 30 airports) and 2024 (6th of 21 airports).

5.5. The findings from this high level benchmarking align with the assertions included in the commercial revenue section of Dublin Airport's response to the Issues Paper that commercial businesses are generally in mature state of development with more limited scope for growth without further capital investment.

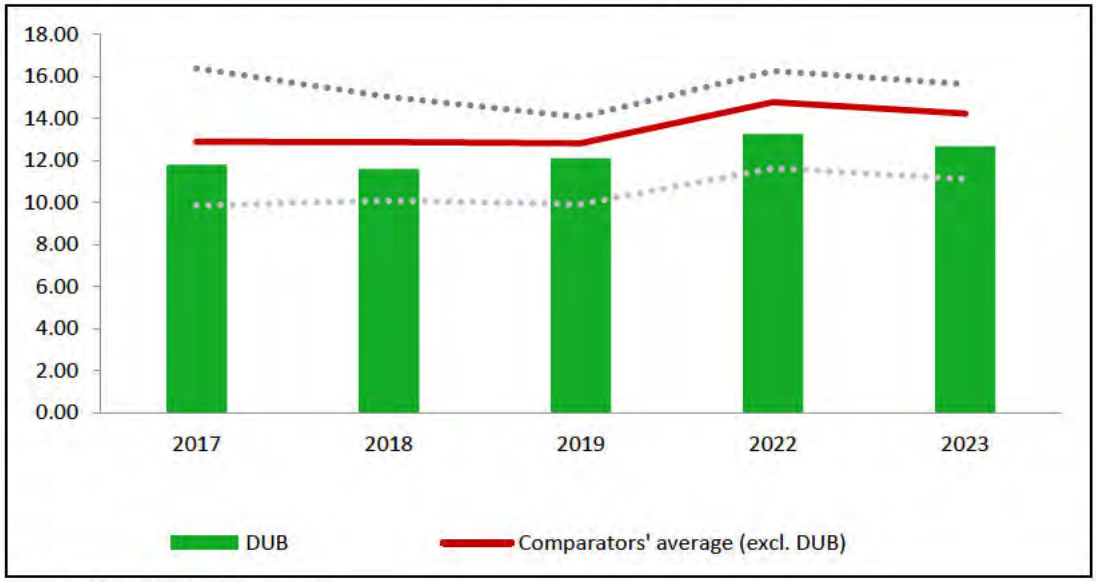
5.6. The IAA should take account of this benchmarking analysis as a top down check on commercial revenue targets on an overall basis as part of their final decision.

Operating Costs

5.7. As mentioned in the opening section 1.2, opex is a key building block in the regulatory till that has been omitted from the IAA's analysis.

5.8. As can be seen from Figure 4, operating costs per passenger are well below the average for the comparitor set. Additional efficiencies have been gained by Dublin Airport since 2019, with the difference between Dublin Airport and the average increasing from 5% in 2019 to over 10% in 2023.

FIGURE *3* OPERATING COSTS PER PASSENGER 2017-2023 (REAL TERMS)

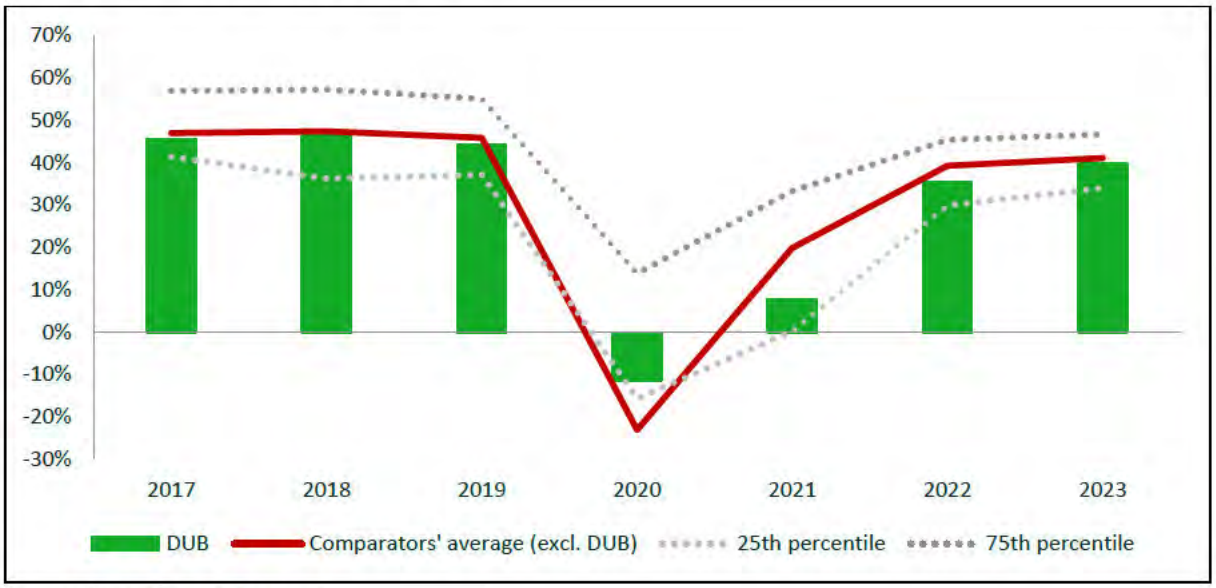


Source: Airport financial accounts

EBITDA margin

5.9. Dublin Airport's has demonstrated EBITDA in line with the peer average in 2023 despite having airport charges 33% lower than peers and insourced retail operations. Swapping Dublin Airport's airport charge for the peer average of €13.86 brings the EBITDA margin to 45% (+9.6%) and changing the retail financials to a concession model increase EBITDA margin to 52% (+6.5%). At 52%, Dublin Airport would have the 5th highest EBITDA margin of peers reviewed by the IAA. This demonstrates significant cost control and operational leverage on the regulated entity.

FIGURE 4 EBITDA MARGIN 2017-2023

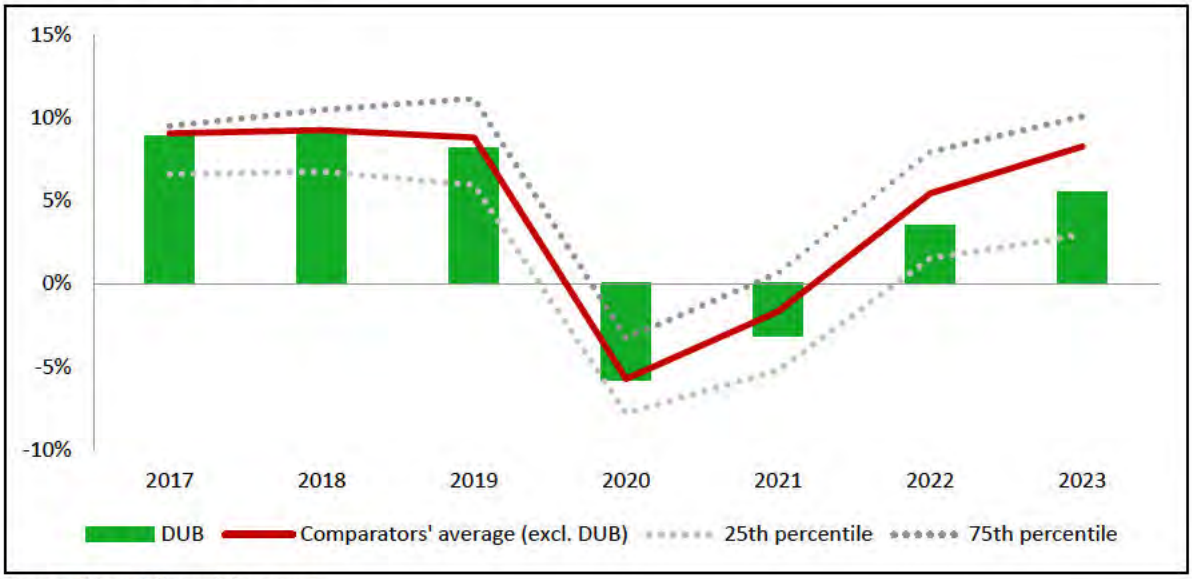


Source: Airport financial accounts

Return on Capital Employed (ROCE)

5.10. Figure 6 demonstrates Dublin Airport's relatively low ranking compared to other European airports on ROCE. This has come despite outperformance against the regulatory settlement—as the IAA notes. Absent such outperformance, Dublin Airport's effective return on capital/profitability would have been considerably lower, ranking towards the bottom of the comparator group. This calls into question the IAA's characterisation of the status quo as a 'fair bet' for Dublin. It is right to highlight that Dublin has faced the materialisation of severe downside risks, that effectively wiped out the gains achieved over multiple years of management effort to drive passenger volumes and commercial revenue, while securing Opex efficiencies. Users have benefitted as these have been passed through to charges at successive price controls. However, as the scope to further improve narrows in future price controls, it is not clear that the current balance of risk and return will constitute a fair or even neutral bet without adjustments to the returns that the airport can achieve or downside risk protections and mitigations

FIGURE 5 ROCE 2017-2023

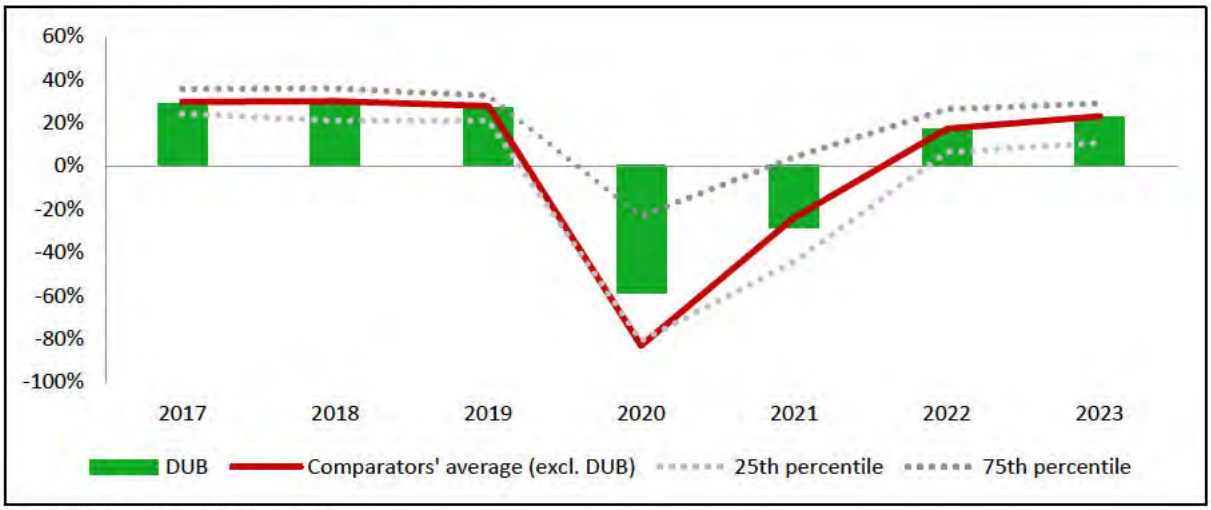


Source: Airport financial accounts

EBIT margin

5.11. Similar to EBITDA, the EBIT margin for Dublin Airport is in line with compator airports as outlined in Figure 7.

FIGURE 6 EBIT MARGIN 2017-2023



Source: Airport financial accounts

6. Conclusion

6.1. As demonstrated above, Dublin Airport aeronautical charges are well below average. Despite this, EBITDA and EBIT are in line with average, being boosted by stronger perfomance than forecast for the current regulatory peoriod. ROCE remains below the average of peer airports indicating elements of the regulatory model are resutling in an artificially low price cap.