2026 Determination: Issues Paper

IATA submission

This submission presents the response of the International Air Transport Association (IATA). IATA's mission is to represent, lead and serve the airline industry and brings together some 350 passenger and cargo airlines comprising over 80% total air traffic.

IATA welcomes the opportunity to provide comments to the IAA's Issues paper on the 2026 Determination on Airport Charges at Dublin Airport. Please find below our responses to the questions raised by the IAA in the paper.

Approach to Regulation

We support the IAA's proposal of using the Building Blocks approach based on forecast costs modelled on an efficient company. This has worked well on past determinations and should be continued.

IATA also supports that the calculation on charges in on a "single till" basis as it reflects the pricing mechanism airports would apply if they were under real competition:

- Single till is an acknowledgment of the symbiotic and essential business partner relationship between airports and airline users. The commercial activities within an airport only exist due to the passengers that airlines bring.

- Airlines transport passengers to the airport, invest significantly in airport infrastructure and as the primary users, should benefit from non-core activities.

- A dual till approach to charging is possible only because a company does not operate in a competitive environment. Economic regulation should strive for a single till approach that will enable lower charges, generating lower fares and increased traffic volumes, while delivering appropriate returns across the whole airport business.

- Airports are built specifically for aviation purposes and priority must be given to airline activity and passenger facilitation.

- Single till eliminates the need for difficult, detailed cost and asset allocation between aeronautical and commercial tills.

- Single till, in combination with the appropriate economic regulation, incentivizes and allows airports to increase retail and commercial revenues, while decreasing charges to airline users.

- There is no evidence that dual till provides better incentives for airports to make timely investments than single till. Dual till can incentivize airports to invest in potentially higher-return commercial activity to the detriment of essential aeronautical infrastructure.

We agree that the determination is expressed on a maximum charge per passenger. We also agree that a 5-year price cap regulatory period, as that would give sufficient incentives to outperform. We also acknowledge that there may be a need to amend the determination in exceptional circumstances.

We consider that the current setup in terms of risk allocation should continue:

- DAA should bear the traffic risk. Otherwise, airlines would not only face their own traffic risk, but also the airports traffic risk.

- The DAA should also face the cost risk. Otherwise, the incentive to outperform would not exist. This should also apply to non-aeronautical revenues.

We do not see a need appoint an independent reporter. This is because there is already an independent regulator (i.e. the IAA) attending the meetings. Therefore the existence of a reporter would just unnecessarily increase costs to consumers.

Finally, one of the elements of regulation that we are less supportive of is when the IAA unnecessarily uses prefunding. This is further discussed in the Financial viability section.

Passenger Forecasts

As a starting point, we support the IAA's approach to develop its own traffic forecast for the charges determination. Given that traffic risk is being allocated to the airport, the latter will be incentivised to underestimate such forecast (as seen in past determinations).

In the elaboration of the forecast, we consider that both "top down" and "bottom up" approaches should be used for setting the traffic forecast:

- Top down (statistical analysis) for the medium-term growth figures
- Bottom up (i.e. airline inputs) for adjusting the earlier years of the forecast

We would welcome the possibility to engage with the CAR in the elaboration of traffic forecasts for the next regulatory period, since IATA has in-depth experience on the subject.

Operating Expenditure

Something we would like to highlight is how different actuals compare to what Dublin airport forecast in its business plan for the current period. This issue is not only seen in this building block but also on others. It would be important that the IAA requests the airport to justify why such large difference exist.

In terms of the approach for determining opex, we fully support IAA's proposal of carrying out a bottom up analysis supported by a top-down sense check. As can be seen from the IAA's analysis in the chapter, this approach has brought good results. We consider this a best practice example which we have been recommending to other countries.

We support using an "efficient baseline" complemented by elasticities for the forecasting the following years. On whether the efficiency gap should be eliminated from the start (as opposed to the utilization of a catch up factor), we believe that that would depend on how large the gap is as well as what was the assumption for opex in the previous determination (i.e. the IAA cannot use a baseline in which opex is higher than forecast in the past period because of non-materialised expected efficiencies).

As well, in addition to elasticities, the IAA may need to consider implementing an assumption on how the "efficiency frontier" would move over the regulatory period (i.e. technological improvements, innovations, etc).

As mentioned on the approach to regulation section, we believe that Dublin airport should bear the opex risk. In this regard, the opex pass through mechanism should only be used in very extreme and specific circumstances. We do not support adding any components to this mechanism than those that the IAA has already allowed. It is important to emphasise that if the IAA were to allow certain opex components as a path through mechanism, such as effects of new requirements, that these components should only be allowed after an appropriate efficiency analysis (as otherwise, the airport would not be incentivised to deliver such new requirements in the most efficient manner and just seek a pass through).

Commercial Revenues

Once again it is worth highlighting the incredibly conservative figures presented by Dublin airport in the previous determination when compared to actuals.

As previously highlighted, we had been concerned about the IAA using Dublin airport's own past performance as a the main driver for forecasting commercial revenues. This approach assumed that the baseline commercial revenues was "efficient". Looking at the actual figures, we are now seeing that this approach was not good enough. In this regard, we think it would be prudent to apply a approach similar to that applied for opex. That is, a more granular "base-trend-step" approach.

While we understand the logic behind the application of rolling incentives, we are not convinced that they should be applied on commercial revenues. As mentioned in previous submissions, if the forecasts are not sufficiently challenging, rolling incentives can extend a "benefit" that the airport does not really deserve. We encourage the IAA to carry out more scrutiny of the commercial revenues before considering the renewal of the rolling incentives.

Cost of Capital

We support the general approach of calculating the cost of capital based on the weighted cost of capital methodology as well as using the CAPM model for calculating the cost of equity. Some elements we believe the IAA should consider are described below:

- We support the usage of German bonds for calculating the risk free rate (as latter being so far the "safest" bond in EUR denomination) for the assessment of the risk free rate.

- In terms of the beta calculations, we would like to the IAA to further consider the following:

    - When calculating the beta from comparators, there may be a need to make further adjustments since the comparators mainly work under hybrid/dual tills. Single till airports would tend to be less risky since prices are reset at the beginning of every period taking into consideration both aeronautical and non-aeronautical historical performance.

    - There may also need to make a further downward adjustment based on the level of protections given to such comparators. For instance, the IAA has already mentioned that it would intervene in extreme cases (such as COVID). The level of intervention may not be the same at the comparator airports.

- The IAA needs to eliminate the aiming up approach:

    - We note that one of the main drivers for the approach is to avoid unintended consequences from underestimating the WACC. One of the main guiding principles when setting the building blocks is to assuming "challenging but achievable targets". This, by definition, implies that there is already scope for outperformance in the underlying assumptions. Even in the calculation of the WACC the

IAA's estimates are close to the middle of its WACC range. Applying an aiming up adjustment unnecessarily double counts the approach.

- The IAA was particularly keen to apply this adjustment in 2022 in the context of a significant capital expenditure program. This program has not materialised, at least in the years 2023 and 2024. In other words: Dublin airport was given an aiming up allowance which pushed the price cap upwards. By not delivering on the capex program, the airport has been allowed to charge for an alleged risk it never incurred. Moreover, given the higher than expected traffic, Dublin has benefited even more due to the additional revenues from an higher than needed price cap. This cannot be in the interest of consumers. If fact, the IAA should even consider clawing this back.

Capital Expenditure

The delivery of capital expenditure throughout the previous period has been greatly below the proposed spending put forward in the determination. It is noted that a significant issue for this development is the planning application for the delivery of major elements of this infrastructure. However, airlines need to plan their schedules, fleet renewals and business strategy with some certainty around the delivery of this infrastructure. It would be best practice for Dublin Airport to give realistic timelines for infrastructure development based on the constraints. In addition, an improvement in the efficiency of infrastructure delivery is required to deliver efficient use of capital and deliver infrastructure that will enable growth and allow passenger charges to be competitive.

Please find here responses to specific elements of the document:
Clause 9.10 – In relation to prefunding of projects when required for finance ability purposes it would be beneficial if the requirement for this is required for Dublin Airport. The Airport is a state-owned entity with good credit rating and should not require any prefunding for projects until the project is brought into beneficial use. At least an assessment of how this would impact the cost of capital should be explored. This would help to understand if there is a material impact. If there is no impact on the cost of capital, then there should be no prefunding even for these large capacity projects with this type of trigger currently attached.

Clause 9.15 – It would be our position that this prefunding is not required for these projects. The impact on the cost of capital of not having this prefunding should be assessed. If this has negligible impact it should be removed. A risk being that Dublin Airport receives planning permission for the construction but is already close to 40mppa and instead of progressing construction fully they reapply for a higher increase in the passenger cap.

Clause 9.44 – In relation to the submission of business cases for sustainability projects and how they will impact scope 1 and scope 2, an assessment of the revenue making potential and reduction in OPEX cost should be part of these submissions and reflected in the determination. Dublin Airport should also use grant funding they receive to offset project costs were appropriate. There are recent media reports of Dublin Airport receiving European grant funding for sustainability projects.

Consultation Questions:
Question: 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?
Response: In general, there would be agreement with the current approach. In relation to StageGate there should be a greater incentive for the airport to deliver more value engineering and saving when the budget for a project is greatly exceeding the SG0 allowance. This would give users more confidence that efficiency is being delivered even in situations with overspending. It would be ideal if Dublin Airport came to these StageGate meetings with different project options for the IFS to assess and for users to give their opinion on. Dublin Airport should present the merits of these options from cost, operational impact, delivery schedule and infrastructural functionality.
An example would be the recent Apron 7 extension consultation. Apron 5H adjacent to it had PFAS contamination that was highly expensive to treat. In the consultation it was revealed that there was PFAS identified for Apron 7 works. This should have already been a risk item for this project with a provisional sum attached. Instead, they consulted as there was not PFAS and would come back to users in the future with the cost. Instead, they should

have a provisional sum, strategies for minimising cost and delay and understanding the impact of this better on the design of the Apron 7 project. They should be consulting options with airlines that will have different impacts of cost, schedule and functionality and allowing airlines to assess the impact as part of the StageGate process.

Question: 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?
Response: In relation to the dropping of a flexible project and creation of new projects within the regulatory period it would be our position that these changes should be consulted with airport users through the StageGate meetings to allow the users to keep up to date with these changes and to register their thoughts on the merits of the new project and whether they are supportive of the change.

Question: If we retain the current flexible/deliverable/StageGate approach, what factors should we consider when designating a project as Deliverable?
Response: It should be a project that is required for regulatory or safety reasons that would adversely impact the safe operation of the aerodrome if not delivered. It should also be applied to projects that have been repeatability delayed by the airport that has strong support from airport users. With perhaps some penalty if the project fails to be delivered within the period.

Question: 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.
Response: The number of groups currently in use is appropriate with the exception of splitting asset care again between Civils and M&E as they match the functions of the Dublin Airport structure. If the structure changes, then these should be updated to align with the delivery structure. This will lead to more efficient delivery of projects.

Question: *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?*
Response: Cost should have the largest weighting in the decision as the impact of the budget variation has the greatest impact on the airport charges and general financing of the project. The complexity of the project and how it impacts on the users' operations and systems should be also considered as when the detail of these projects is developed the impact, they have could be major and would need user input. Finally, it should be applied to projects that are at a very early stage but will lead to fundamental changes to the airport infrastructure and operation.

Question: Do you have any feedback on the interim capex consultation process? Are there any changes you think are needed/ what worked well?
Response: It would be interesting to include an estimate of the impact of the increase in CAPEX would have on the passenger charge as a way of quantifying the impact. Dublin Airport should also give more information on why this project was not identified during the determination period and what would be the impact of delaying this project to the next determination or not delivering the project overall. This would help to frame the consultation in the cost and operational impact for users.

Question: 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?
Response: It would be our position that triggers are very important to incentivise Dublin Airport to develop infrastructure in an efficient manner. We would agree that profiling triggers are the simplest method of triggering

and are easier to measure and implement. However, the exploration of outcome-based triggers should be explored to find triggers that are easy to measure and implement as it would be ideal if part of renumeration was linked to not just if the asset was brought into service but that it was delivering appropriate outcomes for users.

Question: What factors should we consider when deciding if a trigger should be applied to a project?
Response: The value of the project and the impact that the project will have on the infrastructure provision and the operation of the airport. These triggers should incentivise Dublin airport to deliver and use this infrastructure as quickly and efficiently as possible. The triggers should ensure that prefunding of projects does not happen and that it should only enter the RAB when in full beneficial use achieving economic utilisation.

Question: 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?
Response: Dublin Airport should be motivated appropriately by the government legislation that mandates it to reduce carbon impact by 51% by 2030 and 100% by 2050. There should be no other inducement required for the airport to comply with the law. The airport should be encouraged to develop business cases that also demonstrate commercial revenue potential and reduction in OPEX and prioritise the delivery of these projects in pursuit of carbon reduction. Sustainability should not just be considered in isolation but should be understood in the greater business context.

Question: 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?
Response: There should be an assessment of the complexity and costs of introducing such a measure to Dublin Airport. If it is complex and costly to implement such a QoS metric, then it should not be pursued. Instead, a question in relation to sustainability and Dublin airport could be added to the passenger questionnaire to gauge passengers' perception of Dublin Airport and sustainability. There should be no financial incentive attached to such a QoS as it may encourage behaviour that is detrimental to the efficient operation and management of the airport. In relation to the previous question Dublin Airport should currently be tracking its carbon reduction to demonstrate compliance with the legislation and show that the targets have been achieved within the agreed timeframe.

Financing and Financial Viability

We understand that there is a need to have regard to the airport's financial viability. However, it is important not to jump to the immediate conclusion that the regulator needs to amend its determination if there was such an issue. It is important to understand the causes of it.

For example, we do not believe that the IAA needs to artificially increase prices if the financial viability issue was generated as consequence of the airport's mismanagement (e.g. not achieving its targets, not raising debt efficiently, etc). The effects of those actions need to be absorbed by the company's shareholders, not users.

Similarly, in cases where there is a need for significant investments, it also needs to be assumed that the airport's shareholders will increase equity capital to partly fund them (This is what would occur in an competitive scenario). The IAA should not increase charges because of the shareholder's reluctance to do it.

Separately, the IAA has unnecessarily used prefunding elements. For instance, we understand that the 'A' trigger projects contained a significant level of prefunding due to financial viability concerns. DUB airport is currently an 'A' rated company and therefore we question on the need for such a conservative approach in the future.

Also, we note that the entire chapter focuses on amending the determination in order to improve the financial ratios that credit rating agencies use. What would the IAA do if the ratios are too high and are more compatible with a credit rating much higher than the target BBB+)? Would the IAA amend the determination to align it with the target ratios (e.g. pushing back depreciation to future periods and reduce charges)?

Quality of Service

In general IATA do not support the inclusion of bonus schemes. It would be recommended that there should be no incentives as part of the service quality measures as the users are already paying for the airport to meet the thresholds set out for the different measures through the airport charges. The users do not need these thresholds to be exceeded. There is the possibility of the airport pursuing incentives that lead to increased OPEX to meet the thresholds. This leads to the user paying twice through increased OPEX and incentive payments. It may also create perverse incentives that will lead to other important areas that do not attract an incentive payment being neglected in pursuit of incentives.

Please find here responses to specific elements of the document:
Clause 11.13 – The upper threshold of 45 mins is 15 mins greater than the 30 mins threshold, but the 30 mins threshold is only 10 mins greater than the 20 mins threshold. Should the 45 min threshold be reduced to 40 mins to help encourage reduced occurrences of excessively long queues happening. It is these queues that cause operational issues for users with passengers possibly missing flights as it is not factored into their presentation time to the airport.

Chart 11.3 – If the IAA continues to use bonuses it is clear from this chart that Dublin Airport is consistently achieving bonus payments in some measures and regularly conceding rebates in other measures. It would be recommended to reassess and increase the threshold for bonus payments for the measures they are consistently achieving a bonus as this is now the level that they are delivering regularly. Then they can devote greater attention to bringing the measures that are attracting rebates up to standard. The delivery of the agreed thresholds is more important to users than outperformance of these measures.

Clause 11.42 - It would be recommended that there should be no incentives as part of the service quality measures as the users are already paying for the airport to meet the thresholds set out for the different measures through the airport charges. The users do not need these thresholds to be exceeded. There is the possibility of the airport pursuing incentives that lead to increased OPEX to meet the thresholds. This leads to the user paying twice through increased OPEX and incentive payments. It may also create perverse incentives that will lead to other important areas that do not attract an incentive payment being neglected in pursuit of incentives. We would support the continued use of rebates as this a rebate to users for a service level that has been paid for that has not been achieve by the airport. It is not the financial gain of receiving rebates but rather the ability of the risk of rebates to generate the appropriate behaviours in the airport operation and management.

Clause 11.51 – In relation to the link between OPEX and QoS for security queue target times and the impact that a change in the target will increase OPEX. It could be a good topic of analysis to understand how the changes in security screening equipment have impacted on the productivity of the security process. It could be the case that the changes have increased the throughput and improved the productivity per security staff member and improved security queue times could be achieve without an increase in OPEX. If this is the case then the queue times should be adjusted to reflect in the increased gain in productivity from this investment.

Consultation Questions:
Question: 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?
Response: Please see the individual responses to points raised in the previous section of this response.

Question: 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?
Response: Please see the individual responses to points raised in the in the previous section of this response.

Question: Do you agree with the proposal to continue using the same data sources?
Response: The most appropriate, reliable, and cost-effective data sources should be used for these measures. If new technology is avabile that is more accurate and can be deployed at reasonable cost this should be investigated. There is new camera technology emerging that can automatically count, and track passengers or Wi-Fi based tracking technology.

Question: Should we add any new performance metrics or drop any existing ones? Which metrics and why?
Response: A critical queue for airlines and staffing aircraft is the staff security search queue times. This is a queue there should be targets for Dublin Airport in providing minimum queue times with a rebate target attached.

A measure for the percentage of availability of stands and passenger boarding bridges should be added to the measures at a threshold of 99% and a rebate target added. This will ensure that these facilities are available to airlines on request.

Introducing the subjective metric of feeling safe and secure should be investigated. There have been some high-profile public order incidences at Dublin Airport and this metric could be a good way of measuring how passengers are feeling at the airport in relation to their safety and security.

Question: What, for each metric, is the most appropriate reporting frequency and target setting horizon (e.g. daily, weekly, monthly, quarterly or annual)?
Response: The asset availability and subjective measures should be reported monthly. This will allow Dublin Airport to take corrective action quicker than currently done. If an asset is unserviceable for 1% of the time for a quarter that would be 21 hours out of service if it is over a month, it would be 7 hours. This would encourage better serviceability and response to fixing assets and give customers are better experience of the airport.

Question: Do you agree with the proposals in relation to the nature of incentives, and the proposed approach to setting targets?
Response: It would be recommended that there should be no incentives as part of the service quality measures as the users are already paying for the airport to meet the thresholds set out for the different measures through the airport charges. The users do not need these thresholds to be exceeded. There is the possibility of the airport pursuing incentives that lead to increased OPEX to meet the thresholds. This leads to the user paying twice through increased OPEX and incentive payments. It may also create perverse incentives that will lead to other important areas that do not attract an incentive payment being neglected in pursuit of incentives.

Question: 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?
Response: IATA would be supportive of the rebates at a minimum being increased in line with the overall price cap amount. This would preserve the power of the rebates to stimulate the correct behaviour from Dublin Airport.

Question: Do you agree that the approach in respect of exemptions should continue as per the current determination?
Response: The use of exemptions should have a stronger definition as to what constitute these situations. This would help to create clear criteria for this situation so that users are sure it is appropriate to the situation.

Other Issues

As stated during the annual consultations, IATA does not believe it is appropriate to implement CO2 modulations as part of the charges scheme (See IATA position paper on the matter in this link). Therefore, we do not support the adoption of sub-caps associated with such measures.

We support the application of the K factor adjustment mechanism as well as the 5% cap.