

Adrian Corcoran
Irish Aviation Authority
The Times Building
11-12 D'Olier Street
Dublin 2,
D02 T449

3rd October 2025

Iberia Express response to the Irish Aviation Authority (IAA)'s Issues Paper for the upcoming 2026 Determination on Airport Charges at Dublin Airport

Dear Adrian,

Iberia Express, as part of International Airlines Group (IAG), welcomes the opportunity to respond to the IAA's Issues Paper. This submission accompanies the detailed responses from Aer Lingus and IAG, with which Iberia Express is fully aligned. The aim is to reinforce the key points and provide Iberia Express's perspective as an operator with direct links between Dublin and Madrid, serving both point-to-point and premium connecting traffic within the IAG network.

1. Regulatory Framework and Approach

Iberia Express supports both the single till and the building blocks framework as the foundations of economic regulation at Dublin Airport. The single till remains the most effective safeguard for users, ensuring that the strong commercial revenues generated by Dublin Airport are passed through to lower aeronautical charges.

For Iberia Express, Dublin Airport is strategically significant within the IAG network, linking Ireland directly to Madrid and onward into Iberia's global long-haul services. Competitive and transparent regulation at Dublin Airport underpins the viability of these services, supporting connectivity for both business and leisure passengers.

Accurate and balanced forecasting must be at the core of this framework. When passenger and commercial forecasts are realistic, charges are set at fair levels that benefit the airport's users and passengers. However, overly conservative forecasts in past determinations have inflated costs and contributed to excess returns for daa. Going forward, stronger evidence-led forecasting and robust governance are required to ensure outcomes that genuinely support Ireland's connectivity and the interests of passengers.

2. Passenger Forecasts

The track record shows that Dublin Airport has consistently underestimated demand. Excluding the pandemic, actual traffic has exceeded forecasts every year since 2014. The IAA itself has acknowledged this pattern, with 2025 passenger volumes now expected to surpass 36.1 million, compared with daa's forecast of 34.7 million.

The effect of this systematic underestimation has been higher per-passenger charges, inflating costs for airlines and passengers and contributing to daa's excess returns. With capacity constraints now easing, there is no justification for continuing this pattern. Iberia Express therefore supports the IAA's decision to produce its own independent forecasts, based on a range of evidence and consistent with the principle of a "fair bet."

As part of IAG, Iberia Express will support this process by providing bottom-up forecasts and the outlook points to steady growth across the determination period, with limited downside risk for daa.

3. Operating Expenditure (Opex)

Operating expenditure allowances must place daa under the same pressures as a competitive market. While headline opex per passenger has been stable, inefficiencies remain. Moreover, promised savings from past projects have not always materialised.

Iberia Express supports the IAA's base-trend-step methodology, but it should be strengthened to:

- apply stronger efficiency assessments where costs exceed allowances or service levels fall short
- ensure capex projects deliver the efficiency gains used to justify them
- introduce a continual efficiency challenge, as is the norm in other regulated sectors
- adopt a credible but not overly long glidepath to efficient costs

Overspend risks should remain with daa, not with users.

4. Commercial Revenues

The pattern in commercial revenues mirrors that of passenger forecasts: persistent understatement. Actual revenues have repeatedly exceeded projections, with IAA analysis confirming that in 2023 and 2024, an increase of 70% and 86% in each year respectively, of the upside came not from higher traffic but from daa's own commercial initiatives.

This matters because under the single till, conservative revenue forecasts directly inflate aeronautical charges. Iberia Express therefore supports a more rigorous approach that:

- goes beyond elasticity-based models
- benchmarks against peer airports and daa's own record
- applies a degree of "stretch" in areas where growth opportunities are clear, such as the expanded retail footprint

Daa has shown inventiveness in generating new commercial streams, which is welcome. But forecasts must reflect this potential from the outset so that the benefits flow through to passengers via lower charges, not simply accrue as excess profit for the airport.

5. Fast Track

Fast Track is particularly important for Iberia Express, which carries premium passengers between Dublin and Madrid direct and onward into Iberia's global network. Unfortunately, we have faced repeated difficulties with access due to daa's inconsistent approach to Fast Track. On several occasions, our customers have experienced disruption and confusion, as access has been restricted while the product has been promoted and expanded through daa's direct sales channels.

This inconsistency is not driven by a lack of physical capacity. Daa has demonstrated strong competence in capacity management across the airport. The issue lies in how access is allocated. By limiting airline access while commercialising Fast Track through frequent promotions, tap-and-go entry, and annual memberships, daa risks undermining the premium services airlines provide and damaging the passenger experience.

For a hub airport, attracting premium traffic is vital. Ensuring passengers have a smooth, reliable Fast Track journey is part of what makes Dublin Airport competitive. Iberia Express believes Fast Track must remain firmly within the regulatory till, subject to clear oversight from the IAA. Stronger governance, consistent with the Airport Charges Directive, will ensure fair access, safeguard service quality, and maintain Dublin Airport's attractiveness to premium passengers.

6. Capital Expenditure (Capex)

Capital investment is essential if Dublin Airport is to maintain and grow its hub role. Yet daa has persistently underspent allowances since 2022, with delays and planning failures holding back capacity expansion. This has weakened user confidence and constrained growth.

Iberia Express supports the RAB-based model, StageGate, and the use of triggers, but stronger incentives are needed. Reverse triggers should claw back allowances where avoidable delays occur, and only efficient, in-use assets should enter the RAB. Sustainability spend beyond compliance should be funded by daa itself. Timely and efficient delivery is essential for passengers and airlines alike.

7. Quality of Service (QoS)

For Dublin Airport to compete with other European hubs, service quality must be at international standards. Yet daa has fallen short in key areas such as security and cleanliness, even while earning bonuses elsewhere.

Iberia Express support QoS reform as below;

- set stretching but achievable targets, benchmarked against peer airports
- expand coverage to include transfer passengers and baggage delivery
- improve transparency with real-time reporting and wider feedback
- reserve bonuses for genuinely exceptional delivery

8. Cost of Capital (WACC)

The WACC in previous determinations has overstated risk. Assumptions on beta, gearing, and the 50bps "aiming up" uplift were overly generous. Dublin Airport is a single-till monopoly with a strong balance sheet and A- credit rating. Its true cost of capital is lower than previously assumed.

A more balanced WACC allowance, without unwarranted uplifts, is essential to prevent passengers from paying excessive charges for a low-risk business.

9. Risk, Return and Financeability

Daa's actual financing choices are for the company to manage and should not be underwritten by passengers and financeability should be assessed on a notional basis. Scenario analysis must consider both upside and downside risks, using realistic probabilities. At present, too much weight is placed on protecting daa from downside risks, while upside from stronger traffic and commercial revenues is retained. A more balanced framework is required to ensure passengers are not exposed to inflated charges.

10. Conclusion

Iberia Express fully supports the submissions from Aer Lingus and IAG, and we believe the priorities for this determination are clear. The single till must be retained as the strongest safeguard for users and passengers, while both passenger and commercial forecasts should be evidence-based and realistic. Opex and capex allowances need to replicate the pressures of a competitive market, ensuring efficiency is delivered in practice. Airline access to Fast Track must also be guaranteed, with stronger oversight to protect premium traffic, given that the rationale offered to date for restrictions has been inconsistent and misrepresented. In addition, the WACC must reflect daa's low-risk profile without unjustified uplifts, and QoS incentives should be structured to protect passengers and reward only genuine excellence.

Dublin is an important route for Iberia Express within its network, linking Ireland directly to Madrid and Iberia's long-haul services. Competitive charges and consistently high-quality service are therefore critical to sustaining and expanding this connection.

Iberia Express looks forward to engaging further throughout this determination process.

Sincerely,



Isabel Rodriguez Benito
Chief Commercial Officer

