

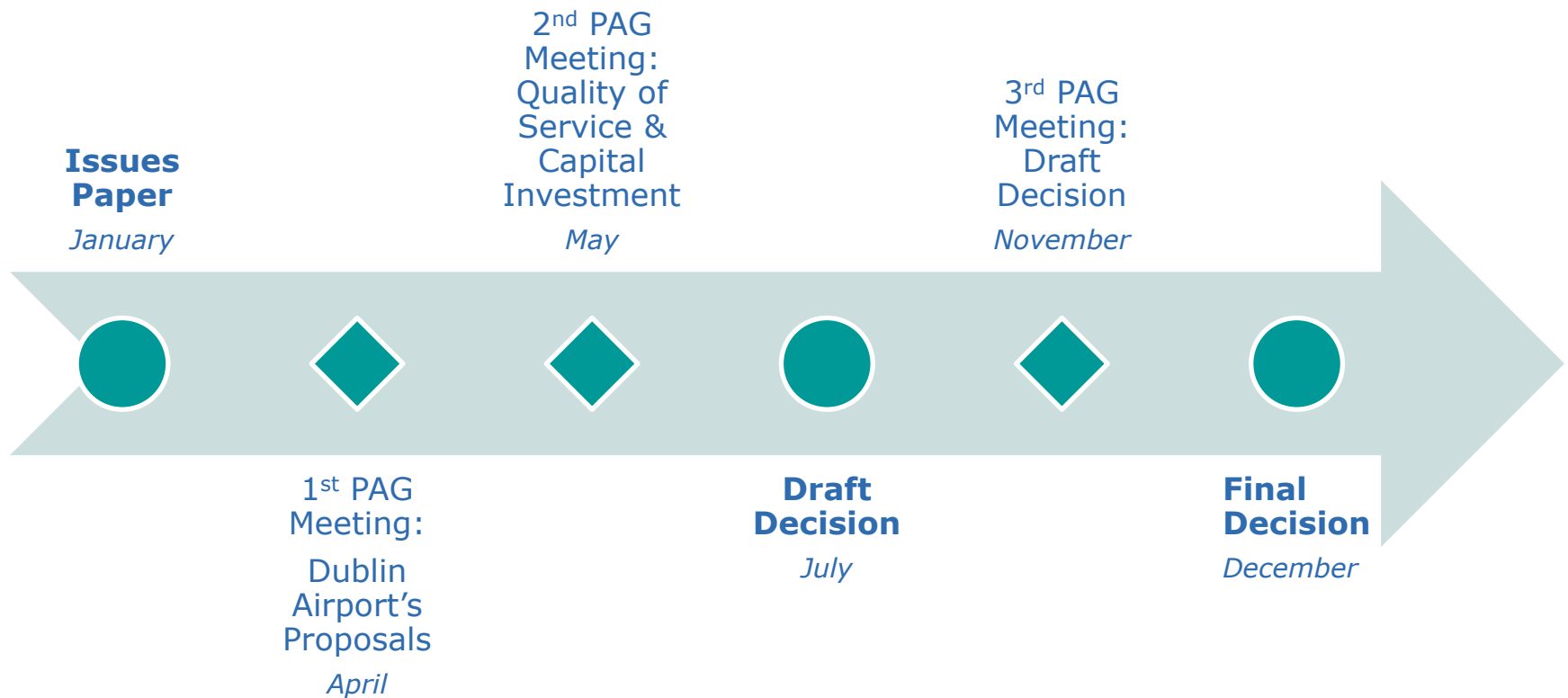
Third Meeting of the Passenger Advisory Group on the 2022 review of the 2019 Determination

10 November 2022

Agenda

- 1) Recap, update, and Timeline
- 2) Quality of Service: Draft Decision, Responses Summary and CAR current thinking
- 3) Capital Investment Programme and funding: Draft Decision and CAR current thinking
- 4) Next steps

Timeline of Review



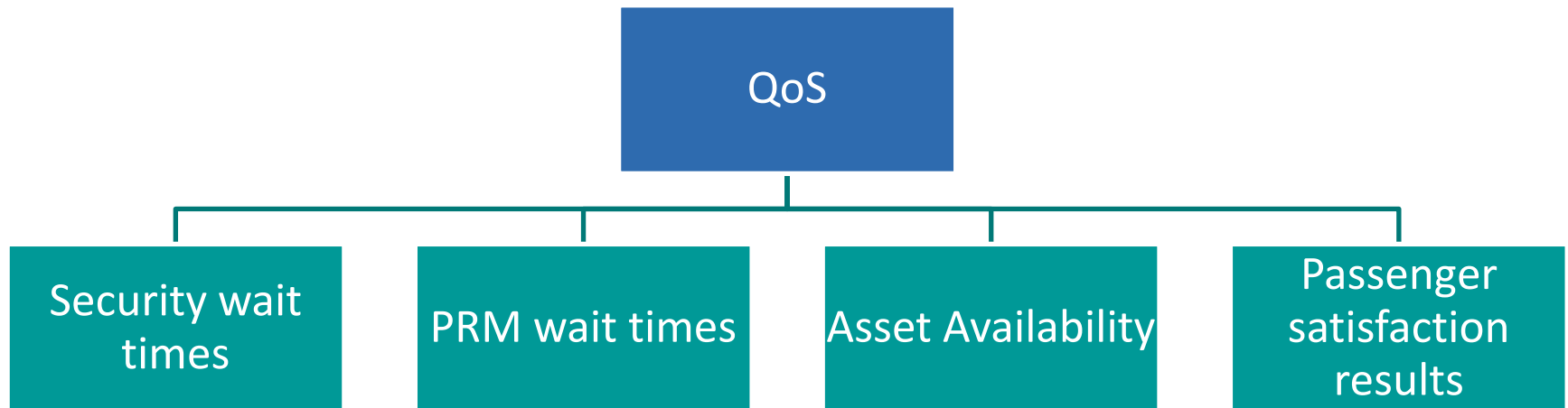
2019 Determination

- Set maximum price caps on Airport Charges at Dublin Airport for 2020-2024.
 - Full review required to take account of the impact of COVID-19 on passenger traffic levels and cost requirements.
 - Current review period intended to cover 2023-2026.
 - The 2019 Determination introduced enhanced Quality of Service (QoS) regime, developed in consultation with PAG and industry stakeholders.
 - This regime is designed to ensure balance between providing airport services at an efficient cost and maintaining a suitable level of service quality.
 - Draft Decision on review published in July, responses received in September.
 - <https://www.aviationreg.ie/regulation-of-airport-charges-dublin-airport/2019-determination.841.html>
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Quality of Service

Agenda Item 2

Measuring Service Quality at Dublin Airport



Security Queues

Security Queues – Draft Decision for 2023-2026

Target	Price Cap Adjustment
Breach if queue is:	
Greater than or equal to 45 minutes	-€0.02
Greater than or equal to 30 minutes, but less than 45 minutes	-€0.01
Less than 20 minutes for less than 70% of the time, but less than 30 minutes 100% of the time	-€0.005

- The adjustments apply on a daily basis, up to a limit of 30 days.
- With 30m passengers, a single breach would lead to a financial adjustment of:
 - €600,000 if the queue is greater than 45 minutes
 - €300,000 if the queue is greater than 30 minutes
 - €150,000 if the queue is not less than 20 mins 70% of the time

Responses on Draft Decision Proposal

- Airlines note the importance of the Security Queue Rebates and the losses suffered during the past 2 years with the suspension of rebates and exemptions.
 - Supportive of Draft proposal.
- Dublin Airport states that the targets may be challenging due to new staff and adaption of staff and customers to new C3 scanners.
- Dublin Airport suggests a reduced target:
 - The main 30 minute target should be less than 30 minutes **95%** of the time instead of 100%.

Security queues - CAR current thinking

- Security queue times are a key driver of satisfaction for almost all passengers.
 - Our proposed approach was supported by PAG in May.
- Dublin Airport's proposal is for a reduction in the 30 minute target relative to the 2019 target.
 - This target has been unchanged since 2009.
- Queue measurement system already filters queue times assessed to be outliers.
 - Thus the 100% target is not all measured queue times.
- We are not minded to make changes to Draft Decision: Dublin Airport's suggestion is for deteriorated target to continue, which is not in the interests of passengers or our statutory objectives.
 - Our approach implies a return to the 2019 Level of Service from 2023.

PRM Wait times

PRM Wait Times- Draft Decision 2023-2026

- Draft Decision proposed some changes relative to the 2019 targets and metrics:
 - Separate financial adjustment for arriving and departing performance, of €0.01c each, to maintain independent incentives in the event of underperformance on either one.
 - ‘Backstop’ target for pre-advised departing passengers, to maintain some incentive if performance is not tracking in line with SLA. Target in line with **2021 actual performance**, adjustment of **2c** if not met.
 - The journey from an external point on campus to the terminal reception was added, based on PAG suggestion.
 - As in 2019, the Service Level Agreement with OCS was used to derive the target levels.
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PRM Wait Times- Draft Decision

Draft Target	Pre-advised	<u>Non pre-advised</u>	Price cap at risk
If a passenger presents for assistance at an external point within the airport <u>campus</u> they should be assisted to the appropriate terminal reception point as follows:	98% within 10 min	98% within 20 min	Annually
Breach if the percentage of passengers assisted from the terminal reception point is lower than the targets as follows:	95% within 15 min 98% within 20 min	95% within 20 min 98% within 30 min	-€0.01
Breach if the percentage of passengers that are assisted from aircraft to terminal holding point onwards is lower than the targets as follows:	93% within 10 min 98% within 15 min	93% within 15 min 98% within 20 min	Annually -€0.01
Backstop Target			
Breach if the percentage of passengers assisted from the terminal reception point is lower than the targets as follows:	90% within 15 minutes 91% within 20 minutes	None	Annually -€0.02

Responses to Draft Decision-PRM

- Dublin Airport: The rebates due to it from OCS in the event of underperformance, are less than those we proposed in Draft Decision.
 - Dublin Airport: On the new metric that measures the journey from an external point to the terminal reception, Dublin Airport does not object to adding this, but notes that the relative use of this part of the service is very low:
 - This year, ranging from low of 0.1% of PRMs in May, to high of 0.27% in February.
 - Small sample sizes may cause a high chance of failure and asks for discretion on this.
 - Overall, Dublin Airport proposes no changes to the PRM metrics defined in the Draft Decision.
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PRM Final Decision- CAR current thinking

- Continue to use the current SLA targets as the basis for setting the targets.
 - Targets and metrics unchanged from Draft Decision.
- The level of rebates should not be reduced as they must be sufficient to create a material incentive to reach the target.
 - How it compares to OCS contractual rebates will vary with passenger numbers.
- The targets are measured annually: even though not used by many PRMs, there should be a large enough sample to fairly measure performance against the target for 'external assistance'.
 - Add a sample size filter such that target only applies if used by at least **0.1%** of PRMs.
 - This is likely to be met, but prevents a situation where a very small number of poor performances means that Dublin Airport would miss the overall departing PRM target.

Passenger Satisfaction Surveys

Passenger Satisfaction- Draft Decision

- These are survey-based measures of passenger satisfaction with various aspects of airport experience, reported by passengers.
- Draft Decision proposed to broadly re-instate the 2019 targets and metrics, developed in consultation with PAG in 2019, with some tweaks:
 - ‘Walking Distance’ replaced with the broader ‘ease of movement’ with more opportunities for Dublin Airport to improve performance in the short/medium term.
 - ‘Cleanliness of toilets’ rebate target increased from 8.0 to 8.5, based on PAG suggestion.

Passenger Satisfaction- Draft Decision

Metric	Departing	Departing with Assistance	Arriving	Transfer	Draft Target	Price cap at risk
Passenger Care						
Additional Assistance		Y			9.0	Annual -€0.01
Helpfulness of security staff	Y	Y			8.5	Quarterly -€0.01
Helpfulness of airport staff	Y	Y			8.5	Quarterly -€0.01
Cleanliness of terminal	Y	Y	Y		8.5	Quarterly -€0.01
Overall satisfaction	Y	Y	Y	Y	8.5	Quarterly -€0.01
Cleanliness of toilets	Y	Y	Y		8.5	Quarterly -€0.01
Departure gates	Y	Y			8.0	Quarterly -€0.01
Ease of Movement	Y	Y	Y		8.0	Quarterly -€0.01

*target is out of 10

Passenger Satisfaction- Draft Decision

Metric	Departing	Departing with Assistance	Arriving	Transfer	Draft Target	Price cap at risk
Passenger information						
Finding your way around	Y	Y	Y	Y	8.5	Quarterly -€0.01
Flight information screens	Y	Y		Y	8.5	Quarterly -€0.01
Ground transport information on arrival			Y		2023 - 8.0 2024 to 2026 – 8.5	Quarterly -€0.01

*target is out of 10

Passenger Satisfaction- Draft Decision

Metric	Departing	Departing with Assistance	Arriving	Transfer	Draft Target	Price cap at risk
Passenger facilities and services						
Facilities for Passengers who require additional assistance		Y			9.0	Quarterly -€0.01
Availability of trolleys	Y	Y	Y		8.5	Quarterly -€0.01
Satisfaction with Wi-Fi	Y	Y	Y		8.5	Quarterly -€0.01
Sense of safety for my health	Y	Y	Y		No target	None

*target is out of 10

Responses to Draft Decision- Passenger Satisfaction Targets

- Dublin Airport believes the revised target proposed for 'Cleanliness of Toilets and Washrooms', at 8.5, is unachievable.
 - It notes the '*sharp increase*' planned in the target for next year.
 - It suggests keeping the 2019 target of 8.0, with a review in 2024.
- Dublin Airport questions the (planned) increase of the 'Ground Transport on Arrival' target to 8.5 in 2024, suggesting we should review in the future when more data is available.
- Given the challenge with collecting data, Dublin Airport suggests a dual approach to 'Ground Transport on Arrival' - an online survey and a physical on campus survey.
- Emerald Airlines supports the proposal to increase the cleanliness target.

Passenger Satisfaction- CAR current thinking

- Metrics unchanged from Draft Decision.
- We note the comments from Dublin Airport on the targets and have again reviewed the proposed targets against actual performance in previous years.
 - Need to balance challenge with achievability.
 - ‘Cleanliness of toilets’ performance in 2019 suggests that meeting a target of 8.5 immediately would be challenging.
 - Little data yet available on ‘ground transport on arrival’; the available data suggests that 8.5 may be overly challenging.
- Considering a *glidepath* approach to these two targets:
 - For example, target for 2023 of 8.1, with increase to 8.3 in 2024, and then 8.5 in 2025 and 2026.

Bonuses – Draft Decision

- In the Draft Decision, we proposed bonuses for the Passenger Satisfaction metrics.
 - A change from 2019, to incentivise continued improvement.
- All bonuses are worth €0.01 quarterly for all metrics with the exception of additional assistance which is annually.

Metric	Draft Target	Proposed Bonus Target
Passenger care		
Additional Assistance	9.0	9.5
Helpfulness of security staff	8.5	9.3
Helpfulness of airport staff	8.5	9.3
Cleanliness of terminal	8.5	9.2
Overall satisfaction	8.5	9.3
Cleanliness of toilets	8.5	9.2
Satisfaction with Departure gates	8.0	9.0
Ease of Movement	8.0	9.0
Passenger Information		
Finding your way around	8.5	9.0
Flight information screens	8.5	9.0
Ground transport information on arrival	2023 - 8.0 2024-2026 – 8.5	2023 - 8.5 2024-2026 – 9.0
Passenger Facilities and Services		
Facilities for Passengers who require additional assistance	9.0	9.5
Availability of trolleys	8.5	9.0
Satisfaction with WI-FI	8.5	9.0
Sense of safety for my health	No target	No target

Responses to Draft Decision- Passenger Satisfaction Bonuses

- IATA and the airlines are generally opposed to bonuses, while Dublin Airport is supportive in principle.
- Emerald Airlines suggests the introduction is delayed to 2024 rather than 2023.
- IATA and the airlines do not believe they should *'pay for service levels in excess of what they require'*.
- Dublin Airport suggests that several of the proposed bonus targets are unachievable and should be lowered to match its best quarterly performance achieved to date.

Bonuses- CAR Current thinking

- We disagree with the airlines and believe that bonuses should incentivize further improvement in the passenger experience, in a cost effective way.
 - We think airline interests and passenger interests may diverge on this point.
 - For example, in 2019, the 'Overall Satisfaction with Departing Experience', was 8.6. We think improving this to 9.2, at a cost of 1c per passenger, would be considered good value by passengers.
 - Similarly, an increase from 8.3 to 9.2 in 'cleanliness of toilets', at a cost of 1c per passenger, would constitute good value.
 - Do PAG members agree?
- We also disagree with Dublin Airport in relation to the proposed targets being too high.
 - The bonus thresholds should be challenging, requiring improvement above historic levels, not in line with them.
- Overall, we're not minded to make any changes from our Draft proposals.

Baggage System Availability

Baggage-Draft Decision

System	Draft Target	Price cap at risk
Outbound	(Before the system has implemented HBS3): belts available within 30 minutes of request	Per event -€0.01
	Outcome of delivering departing bags: available within 30 minutes of request	
Inbound	(Before the system has implemented HBS3) belts: available within 30 minutes of request	Per event -€0.01
	Outcome of delivering arriving bags: available within 30 minutes of request	

Baggage- Responses and CAR current thinking

- These targets are line with the 2019 targets.
- No material disagreement with the Draft Decision proposals.
- We intend to implement these targets as proposed.

Other Asset Availability

Other Assets- Draft Determination

Availability of:	Draft Target	Price cap at risk
Fixed Electric Ground Power (FEGP)	For new units, 93.5% available on average in the first year and 99% thereafter.	<98%: Monthly -€0.01
Advanced Docking Guidance System (AVDGS)		
Passenger-facing escalators, travellators and lifts in T2	In 2021: 98% available, on average across units. From 2022: 99%	>=98% but <99%: Monthly -€0.005 From Q1 2023
Self-service check-in kiosks and bag drop machines	99% available on average across units.	

Other Assets – Responses

- These targets measure asset uptime for certain assets which are important for the movement of passengers and aircraft:
 - For 'Fixed Electrical Ground Power' (FEGP), Dublin Airport suggests a lower rebate of 0.5c rather than 1c, and that the 99% target is not introduced until Q3 2023 (with a target of 98% until then).
 - For 'T2 Passenger-facing escalators, travellators and lifts', it similarly proposes a lower rebate of 0.5c rather than 1c, and that the 99% target is not introduced until Q3 2023 (with a target of 98% until then).
 - For 'Advanced Visual Docking Guidance System', Dublin Airport suggests a lower rebate of 0.5c rather than 1c.

Other Assets- CAR current thinking

- Retain the rebate levels for all metrics.
 - No reason provided to reduce these relative to those set in 2019.
- For T2 Passenger-facing escalators, travellers and lifts, we are considering accepting the suggestion of allowing 98% target until Q3 2023, and then increasing this to 99%.
 - Performance to date suggests 99% will be challenging.
 - Again, a *glidepath* to balance challenge and achievability.

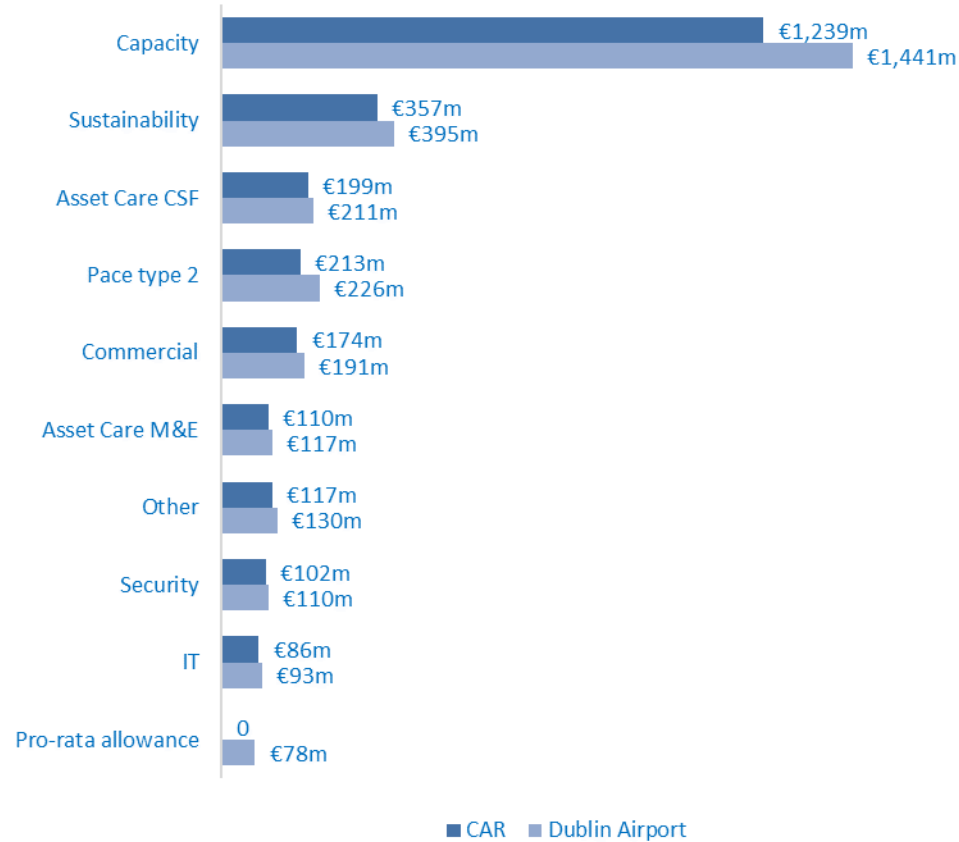
Investment Programme

Agenda Item 3

Draft Decision- Investment Allowances

- Dublin Airport's investments are funded by allowances we make in calculating the level of Airport Charges, which are paid directly by airlines and thus ultimately by passengers who purchase tickets.
- The Draft Decision proposed **€2.9bn** in Capex allowances, compared to the €3.2 bn in allowances requested by Dublin Airport.
 - Some of this investment has already taken place over 2019-2022, and some is expected to take place after 2026.
- We assessed the need for, and efficient cost of, the various projects planned.
- Respondents set out varied views in response:
 - Most support projects relevant to their own operations or interests.
 - Some express concerns in relation to the overall scale and deliverability of the programme.
 - Ryanair, in particular, considers that the programme is too big and that a smaller programme would allow for lower Airport Charges.

Draft Decision- Capital Investment by Category



CAR current thinking- Investment Allowances

- We broadly agree with Dublin Airport on the benefits of the programme, particularly investments in enhanced capacity and sustainability projects.
 - We think that the timeline for project delivery remains ambitious.
 - There is an extensive planning permission process for capacity projects.
 - We therefore wish to facilitate delivery of the projects, but also ensure that passengers are not paying for a much higher level of investment than transpires to be actually delivered, in the event of delays.
 - We are seeking to address this uncertainty through the use of triggers for certain major projects.
 - Triggers will ensure that users are not paying for undelivered Capex by aligning Capex remuneration for a project with the development of the project.
 - We are also further analysing the question of the overall deliverability of the programme in the time period planned.
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Next Steps

Agenda Item 4

Next Steps

- We will publish today's presentation and the meeting note in line with or shortly after the publication of the Final Decision.
 - Planned for December
- This will take account of any further comments made today.
 - If any member of the Group would like to provide any further comments subsequent to the meeting, happy to receive these by next Friday 18th November.
- Any further comments/questions?