

Statement of Dublin Airport Price Cap, 2017 and 2019

We confirm that Dublin Airport complied with the 2017 maximum level of airport charges of €9.91 per passenger, as required by the 2014 Determination¹. In addition, we confirm that the maximum level of airport charges for 2019 at Dublin Airport was €9.30 per passenger.²

2017 Price Cap Compliance

The 2017 price cap was €9.91 per passenger, after adjustment for inflation and quality of service. There was 1 quality of service breach; on 20 August 2017, the security queue in Terminal 1 exceeded 30 minutes. As per the 2014 Determination, a reduction of 0.05% has been applied to the price cap. Dublin Airport's revenues from Airport Charges for 2017 are detailed below. Dublin Airport's Airport Charges revenue per passenger in 2017 was €9.43. This is less than the 2017 Price Cap; therefore Dublin Airport complied with the 2017 Price Cap. The resulting under collection of €0.48 relative to the 2017 price cap carries forward to the 2019 price cap (adjusted for forecast passenger numbers and interest).

Complying with 2017 Price Cap of €9.91

Airport Charges Collected	€279,099,000
Passengers	29,582,308
Charges per PAX	€9.43

Source: Dublin Airport 2017 Regulatory Accounts

2019 Price Cap

The maximum level of airport charges that Dublin Airport can collect in respect of relevant airport services provided in 2019 is €9.30 per passenger. The price cap formula for 2019 is detailed in the 2014 Determination. The base price of €8.68 is adjusted for inflation, triggered capital projects, quality of service and under collections in 2017 as follows:

- Between July 2014 and October 2018 there was inflation of 0.7% which increases the price cap by €0.06.
- In November, Dublin Airport fulfilled the conditions required for the first of three triggers for the remuneration of the North Runway. This trigger adds €0.05 to the 2019 price cap (after adjusting the €0.06 trigger amount for passenger numbers).
- The 2017 under collection of €0.48 is adjusted for interest and forecast passenger numbers, and €0.45 is carried forward to 2019.
- Dublin Airport met all quality of service targets in 2019, therefore there is no quality of service adjustment for the 2019 price cap.

¹ www.aviationreg.ie/fileupload/2014final/2014%20Final%20Determination.pdf

² As per the 2017 accounts presented by daa and calculated on a basis of charges levied per regulatory year.

In this regard, it remains the Commission's position that the most appropriate method of calculation of permitted revenue under the 2014 Determination, including incentives, is the accrual basis. However, while the Commission had initially considered that a *levied basis* was not consistent with the terms of the 2014 Determination, having had regard to a number of other factors, including the basis until now for daa's consistent approach, legal certainty and reasonable regulatory predictability, on balance, the Commission has decided not to take steps to oppose the *levied basis* approach in this particular instance including by reason of the fact that such an approach is, on balance, based on a viable interpretation of the 2014 Determination. In respect of the 2019 Determination, the operation of the K factor is, in respect of incentives (including associated provisions and derivative calculation), based on the accrual as opposed to a levied basis.

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Arriving at 2019 Price Cap

Base Price	€8.68
Pier 2 Segregation Trigger	+ €0.06
North Runway M1 Trigger	+ €0.05
CPI Adjustment	+ €0.06
k 2017	+ €0.45
2019 Price Cap	= €9.30

Source: CAR Calculations