

Commission for Aviation Regulation
 3rd Floor
 Alexandra House
 Earlsfort Terrace
 Dublin 2

18 November 2015

Re: Commission Notice 3/2015, 2 November 2015

With reference to our application for approval of an ATI fee for Baggage Hall Desk rental income on 28 October 2015 and your notice of 2 November 2015 daa herewith submits the following response.

Compliance with Criteria for ATI Fees

Our application for ATI fee approval for baggage hall desk rental @ €4,635/linear metre p.a. followed completion of a consultation with users on the baggage hall desk rental charge at Dublin Airport. In the consultation paper issued as part of the consultation process we illustrated that the charge mechanism and charge level proposed is consistent with the criteria set out in in the 1996 Ground-handling Directive for the setting of ATI fees: relevancy, objectivity, transparency and non-discrimination. Although the fee proposed for this facility represents substantially less than full cost recovery we believe it is an appropriate charge at the current time, as we wish to regularise the position of the charge rather than seek revision of the existing charge level.

Consultation with Airport Users

daa undertook the following consultation process in relation to the charge for baggage hall desk rental prior to making application to CAR for approval :

| Step | Date |
|---|-------------------|
| Consultation paper* issued | 10 July 2015 |
| Consultation meeting held - As no airport user attended the consultation meeting, the meeting adjourned without minutes being taken | 24 July 2015 |
| Deadline for clarification requests from users - As no clarification requests were received it was not necessary for daa to issue a response to clarification requests | 7 August 2015 |
| Deadline for final responses to consultation from users - No final responses were received | 25 September 2015 |
| daa final response to consultation issued | 23 October 2015 |

As can be seen from the above, users were afforded a number of opportunities to comment on the charge mechanism, the achievement of the four necessary criteria for the setting of ATI fees and/or on the charge proposed. However, no responses were received from users throughout this consultation process. We interpret this lack of response as indicating that there are no objections to the proposal as put forward for approval (consistent with CAR memo to daa of 29 January 2008).

Recording of Income from Baggage Hall Desk Rental

Fees arising from baggage hall desk rentals have, to date, been recorded under commercial property revenues in the 'rental of floor area' sub-category not the ATI fee sub-category. In daa's regulatory proposition for 2015-2019 this revenue stream was not included in the ATI fee sub-category, analysis of which gave rise to the ATI fee cap of €2.2m annually. In the 2014 Determination (CP2/2014), the price cap for 2015-2019 was calculated with baggage hall desk fees reported in the 'rental of floor area' sub-category of the commercial revenues, and therefore not contained within the ATI revenue stream on which an annual cap of €2.2m was set. We consider it appropriate to remain consistent in the reporting treatment of this income stream over the same period, as to do otherwise would see the 2015-2019 commercial revenue forecast include a revenue stream which daa is unable to recover (due to the ATI fee cap).

Assuming your approval of this ATI fee application for baggage hall desks we would intend to reflect this changed classification in our regulated entity accounts from 2020 in line with CAR's treatment of this income in CP2/2014 or, if it is deemed necessary to make the income classification amendment with immediate effect, we contend that this income stream should be excluded from the analysis of ATI fee cap compliance at the next Determination.

Conclusion

We therefore submit that approval be granted for an ATI fee for baggage hall desk rental at an annual fee of €4,635 per linear metre. We also submit that daa should be allowed to report this revenue under the 'rental of floor area' sub-category of commercial revenues until the end of the current regulatory period or that it be excluded from the reconciliation of annual ATI fees against the ATI fee cap annual ATI fee cap at the time of the next Determination.

Valerie Ní Fhaoláin
Head of Economic Regulation