daa cuideachta phoiblí theoranta Príomhoifig, Aerfort Átha Cliath, Co. Bhaile Átha Cliath, K67CC01, T: 353-1-814 1111 F: 353-1-814 4120 www.daa.ie

daa public limited company Head Office, Dublin Airport, Co. Dublin, K67CC01, Ireland

6 March 2020

Ms Cathy Mannion
The Commissioner
Commission for Aviation Regulation
Third Floor
Alexandra House
Earlsfort Terrace
Dublin 2

Dear Cathy

Dublin Airport would like to take this opportunity to respond to the consultation on the Commission's Strategic Plan 2020.

We understand the rationale for the proposed extension of the current Strategic plan by one year pending the restructuring of the IAA and the Commission and the establishment of Ireland's new civil aviation regulator. Dublin Airport accepts that this is an appropriate response given that this is an important structural change which will impact on the strategic direction of aviation regulation in Ireland going forward. However, given our unique position as the primary regulated entity we believe that there may well be benefit from further dialogue between the Commission and the airport in advance of the preparation of the Commission's next strategic plan.

In advance of these potential discussions, Dublin Airport would like to refer to our response to CP2/2017 in March 2017 and to emphasise the following points which are likely to remain critical from the airport's perspective as the next strategic plan evolves.

Dublin Airport would welcome a more explicit commitment by the Commission to support growth and development in the aviation sector, particularly given the long-term pattern of growth in the industry and the goals set out in the National Aviation Plan (NAP) to facilitate the development of the industry.

As previously outlined, we would advocate the development of stakeholder engagement plans by the Commission for other regulatory bodies with powers to implement decisions which impact on the operation of the airport. This is necessary to allow for the better alignment of regulatory decisions on the provision of efficient, high quality airport services. Evidently, the cross-jurisdictional remit of Regulatory Authorities in Ireland can have a significantly negative impact on Dublin Airport, through a lack of cognisance of respective individual regulatory decisions.

Given the complexity of the regulatory environment in which Dublin Airport operates, and the everchanging nature of that environment, consideration should be given to how the current determination process can be improved, to provide sufficient flexibility to respond to such changes. The objective of Dublin Airport remains the provision of efficient, high-quality airport services in a safe and secure manner, to meet the needs of our existing customers and new entrants to the Dublin market. We acknowledge the pre-eminence of this objective in the Commission's current strategic plan but urge the Commission to continue to prioritise this requirement in its next strategic plan.

The provision of efficient high-quality airport services in a cost-effective manner is dependent on Dublin Airport's ability to raise debt finance for the necessary investments to deliver the required services. The ability to raise finance in an efficient manner (sustainable rates and flexible terms) is largely determined by the financial strength of the airport, which in turn is greatly influenced by the regulatory outcome. Dublin Airport is somewhat disappointed by the legislative proposal to remove the Commission's statutory objective with regard to enabling "daa to operate and develop Dublin Airport in a sustainable and financially viable manner". In the light of this, we would welcome an explicit commitment to the financial viability of Dublin Airport within the Commission's next strategic plan.

The broad direction of the Commission's next strategic plan should be the facilitation of efficient outcomes across the entirety of the aviation industry in Ireland. In this regard, the cost efficiency of the provision of the regulatory framework needs to be addressed. Dublin Airport would like to encourage the Commission to also focus on its own cost efficiency and to strive to reduce the cost burden of regulation in line with the efficiency gains being sought across the aviation sector. We acknowledge the work the Commission has done to date to better engage the passenger in the regulatory process. As the end-user of the services provided by Dublin Airport, the satisfaction of passengers is a primary concern for us, and it is important that the provision of efficient, high quality airport services incorporates the factors which are valued by passengers as well as airlines. We would therefore encourage the Commission to focus on ensuring that the needs and views of passengers are better reflected in the regulatory process.

Dublin Airport contends that, as a regulatory body the Commission must remain committed to encouraging and enabling the growth of competition in the aviation industry. In order to further this objective, the Commission must enable capacity development and seek to declare increased capacity at the airport given that this will allow for the promotion of competition and the facilitation of new entrants in the future.

The traditional model of economic regulation focuses on predictability and accuracy. There is every prospect that societal change, technological developments and a more empowered consumer will, however, prompt regulators to adjust their approach. For the Commission, the challenge is about staying ahead of consumer expectations and more generally anticipating the changes that are required. Flexibility is required to account for the dynamic nature of the aviation industry and the various positive and negative factors that impact growth trends and operations at Dublin Airport. In practice this should ensure that the Commission are less prescriptive, more pragmatic, focussed more on principles and outcomes, adopt new approaches to accommodate innovation and adequate incentive-based regulation. This approach would position the Commission more as enablers (e.g. to facilitate major infrastructural and Capital Investment projects) rather than inhibitors, with perhaps a greater emphasis on making connections between stakeholders. This would ultimately deliver a regulatory framework that represents best international practice.

Finally, Dublin Airport strongly believes in the merit of regulatory impact assessments and appropriate airport benchmarking. As previously outlined in correspondence, we recommend the Commission considers assessments of operational efficiency which consider unit cost analysis and statistical econometric models. Top - down benchmark comparisons, where appropriate comparators are used, can provide an insight into the comparative efficiency of an airport and as such can be used as a tool in assessing the operational efficiency of the regulated entity.

We look forward to engaging with the Commission on the development of its key strategic objectives in the coming months.

Yours sincerely

Seán Murphy

Head of Pricing & Economic Regulation