



**DECISION TO HOLD AN INTERIM REVIEW  
OF THE DUBLIN AIRPORT CHARGES' DETERMINATION  
DATED 29 SEPTEMBER 2005**

**Commission Paper CP9/2006**

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## **1. BACKGROUND AND PURPOSE OF DOCUMENT**

Section 32 of the Aviation Regulation Act, 2001 (the "Act") sets out the Commission's functions with respect to airport charges. Subsection (14)(a) states:

"The Commission may after the making of a determination

- (i) at its own initiative, or
- (ii) at the request of an airport authority or user concerned in respect of the determination

if it considers that there are substantial grounds for so doing, review the determination and, if it sees fit, amend the determination."

The Act provides that if such an amendment is made, it shall be in force for the remainder of the period of the original determination – in the case of the current price cap this means until end-December 2009. It further provides that the provisions in the Act relating to the making of a determination – e.g. the issue of a Notice to interested parties, the provision of a consultation period, the receipt of representations and the making and publication of a report – shall apply to any amendment in the same way as to the making of the original determination.

In September 2006,<sup>1</sup> the Commission indicated that it had considered, at its own initiative, whether substantial grounds existed to review the Determination on the Maximum Level of Airport Charges made on 29 September 2005 (the "Determination"). Its conclusion, in summary, was that there appeared to be substantial grounds to hold an interim review, including on the basis of the requirement to analyse the Dublin Airport Authority's (DAA) 2006 Capital Investment Plan (CIP) for Dublin Airport arising from the circumstances surrounding the unavailability of a finalised CIP at the time of the 2005 Determination.

Commission Paper CP6/2006 also invited comments from interested parties as to whether the Commission should conduct an interim review of the prevailing

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<sup>1</sup> Commission Paper CP6/2006.

determination of charges at Dublin Airport. As part of the consultation process six specific questions were raised in relation to different matters. Responses were received from Aer Lingus, bmi, CityJet, DAA, IDA, ITIC and Ryanair, and placed on the Commission's website.

It is the purpose of this document:

- to report on the submissions received by the Commission, and the Commission's consideration of them;
- to present the Commission's decision, which is that it will hold an interim review of the September 2005 Determination on Airport Charges, to begin immediately;
- to set out, on a provisional basis, the arrangements for such an interim review; and
- to seek the views of interested parties on the duration of the consultation period to follow the publication of a Draft Determination arising from the interim review (see page 21 ).

## **2. PROCESS TO DATE**

Following the publication of CP6/2006, responding submissions were received from the following:

- Aer Lingus
- bmi
- City Jet
- Dublin Airport Authority
- Irish Tourist Industry Confederation
- Industrial Development Authority
- Ryanair.

The full text of the submissions received have been placed on the Commission's website ([www.aviationreg.ie](http://www.aviationreg.ie)), and are summarised later in this document, alongside the Commission's responses to the submissions.

The Commission has carefully considered the views expressed in these submissions and meetings and wishes to thank all those who have contributed to the process for their assistance in helping the Commission finalise its deliberations.

Following the publication of CP6/2006, the Commission, in order to engage with interested parties on the holding of an interim review, organised an Information Meeting in Dublin Airport for the purpose of raising awareness of the contents of CP6/2006 and of the Commission's possible approach to an interim review

The public Information Meeting was held on the 11 September 2006. The DAA and all users of Dublin Airport were invited to attend the meeting. The Commission presented the possible substantial grounds for a review, informed users about the Commission's other work streams related to investment questions, and outlined the Commission's views as the regulator's role and the industry's role during any review. The Commission emphasised the importance it attached to airport users' views of consultation with the DAA on its capital investment plan. Airport users were invited to meet with the Commission during the subsequent weeks.

In addition, on 3 November 2006, the Commission sent a letter to all airport users inviting views on the holding of an interim review, the major components of the CIP, and the fit between those components and users' future requirements at Dublin Airport.

On 17 November 2006, the Commission met with seven representatives from the airport's Airline Operating Committee (AOC). At that meeting, the Commission presented an overview of the background to the current level of airport charges, the Commission's position as set out in CP6/2006, and its initial impressions of the CIP. The Commission emphasised its wish that airport users be aware of the apparent implications – including for airport charges – of the CIP and that users provide their assessment of the CIP to the Commission.

During November 2006, the Commission also held meetings with Ryanair, Aer Lingus, and CityJet and arranged to hold meetings with other airlines and other interested parties on these same matters.

The Commission has carefully considered the views expressed in these submissions and meetings and thanks those who have made submissions for assisting it in its deliberations.

### **3. CONSIDERATION OF THE "SUBSTANTIAL GROUNDS" FOR AN INTERIM REVIEW**

CP6/2006 set out the Commission's initial thinking on three matters:

- 1 the way in which "substantial grounds" should be interpreted;
- 2 whether the proposed tests to interpret "substantial grounds" were met in current circumstances; and
- 3 the scope of any interim review.

The present document, following the same three-part structure, recapitulates the Commission's initial thinking that was set out in CP6/2006, summarises and discusses the contents of the submissions received, and sets out the Commission's final thinking on the three topics that were considered in CP6/2006.

#### **3.1 Interpretation of "substantial grounds"**

##### **The Commission's Initial Thinking**

Any decision to hold an interim or mid-term review needs to be placed (inter alia) in the context of the statutory objectives imposed through legislation on the Commission. While the legislation has been amended (by virtue of the State Airports Act, 2004) since the last interim review was held in 2003/04, the basic objective of efficiency still holds. This is a fundamental point since interim reviews can have the ability to blunt regulatory incentives and, as such, should ordinarily only be used when the benefits of a review outweigh the loss of incentives associated with it. Regulatory consistency is also important and the possible need for an interim review had been clearly flagged in the 2005 determination.

A three-part test for the existence of "substantial grounds" was proposed in CP6/2006:

- Are the circumstances exceptional?
- Are the circumstances generally outside the control of the company?
- Are the effects of the circumstances liable to be significant enough to compromise the objectives of the original determination?

## Summary of Consultation Responses

As part of the consultation process a specific question relating to the Commission's proposed three tests for "substantial grounds" was asked:

*Q 1: Do you agree with the Commission's conclusion on the types of circumstances necessary to justify holding an interim review? Please provide reasons and, where appropriate evidence.*

The majority of respondents, **Aer Lingus**, **DAA**, **ITIC** and **Ryanair**, agreed with the conclusion on the types of circumstances set out by the Commission. However, **bmi**, and to a lesser degree, **CityJet**, argued that the real test of substantial grounds should be a fundamental change in circumstances, but these respondents did not provide any elaboration of this point.

**Ryanair** also questioned the interpretation of the statutory objectives placed on the Commission. It argued that the Commission's interpretation of its statutory objectives – which had been summarised in CP6/2006 <sup>2</sup> as "the essence of [the Commission's] statutory mandate is to promote economic efficiency" – was restrictively narrow and, Ryanair said, focused on only one of the three objectives set out in the 2004 Act. Apart from the economic efficiency objective, Ryanair argued that there was the broader concern of the reasonable interests of users. These interests include whether projects are appropriate, and that they are procured as cheaply as possible.

### Commission's Response to Submissions:

These responses have been considered by the Commission alongside its statutory objectives when considering the matters discussed in CP6/2006.

It may be useful to restate here the connection drawn by the Commission, on more than one occasion in the past, between a number of specific meanings of 'efficiency', on the one hand, and 'user requirements' and 'user interests', on the

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<sup>2</sup> In line with the much lengthier discussion in CP9/2004.

other. For example, in CP9/2004,<sup>3</sup> where these issues were set out at length, the Commission position was that that it would interpret its statutory objectives as follows:

- **productive efficiency** (i.e. service provision at minimum cost) is equated with the reference in the Commission's first statutory objective to the efficient and economic operation of Dublin Airport which meet the requirements of current and prospective **users** of Dublin Airport;
- **dynamic** efficiency (efficient investment behaviour motivated, in particular, by the pursuit of long-term cost savings) is equated (i) with the reference in the Commission's first statutory objective to the efficient and economic development of Dublin Airport to meet the requirements of prospective **users**, (ii) with the reference in the second statutory objective to protecting the reasonable interests of prospective **users**, and (iii) with the reference in the third statutory objective to enabling an efficient operator of Dublin Airport to operate and develop the airport in a sustainable and financially viable manner;
- **allocative efficiency** (all users who are willing to pay for a service have access to it, subject to the regulated firm covering its efficiently incurred costs) is equated with the reference in the Commission's first statutory objective to meeting the requirements of current **users**, and the reference in the second statutory objective to protecting the reasonable interests of current **users**.

Thus, in the Commission's view, the issues that Ryanair raises are concerns *because* they are facets of the broader economic efficiency argument, not because they run contrary to it. These concerns are therefore capable of consideration as part of a review process, and indeed similar concerns have been addressed during the previous review held by the Commission.

Overall, given the responses received to CP6/2006 and the statutory objectives, the Commission has decided to reaffirm (as general guiding principles to be carefully considered with respect to any particular circumstances in which the case for an interim review would arise) its thinking, as set out in CP6/2006, on

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<sup>3</sup> See page 14 of CP9/2004, but also the discussion of the same general matter in the Commission's second-ever paper, CP2/2001, p.25, in its 2001 Determination as well as in its September 2005 Determination, CP3/2005 at page 24.

the tests to be applied in considering whether to hold an interim review. While these principles appear to the Commission to represent what the concept of substantial grounds could constitute (which position has been accepted by the majority of respondents), the Commission is of the view that it may be possible to argue in a given case, which may not be foreseeable at this stage, other circumstances that give rise to substantial grounds for a review. Therefore, in respect of future considerations of substantial grounds the Commission would like to make it clear that it retains its discretion in that regard.

### **3.2 Do current circumstances constitute “substantial grounds”?**

The Commission considered two sets of circumstances that might constitute possible substantial grounds for an interim review to begin in 2006.

- (a) changed airline requirements for airport facilities**
- (b) delayed CIP finalisation due to 2004 State Airports Act’s provisions**

#### **(a) Changed airline requirements**

The Commission was aware, from extensive statements by airlines, as well as statements made by the DAA, that the demands of Dublin-based airlines appeared to have changed significantly since the completion of the 2005 Determination. Both Aer Lingus and especially Ryanair, had, during 2005, announced significant expansion of their services from Dublin Airport. These plans had the potential to form the basis for a larger revised CIP and consequently to be a factor in the consideration of the concept of exceptional circumstances, since the airport did not envisage the timing and scale of the expansion plans of these carriers at the time of the 2005 Determination.

In addition to a change in airport user requirements, other factors which might ground an explanation for the significant increase in the size of the DAA’s (CIP), were:

- The impact of the Government’s May 2005 Aviation Action Plan; and
- The wide-ranging DAA review of its CIP, which had identified a larger but perhaps more efficient plan than that presented in 2005.

Given the stated changes to the operations of the main airline users at Dublin Airport, there was a concern that without a review, the ability of the designated price cap to continue to reflect the Commission's statutory objectives would be in question. With regard to these circumstances, the Commission's position in CP6/2006 was that while any one scenario might not of itself, represent an exceptional circumstance, the impact of not holding an interim review could be significant, if it delayed the provision of necessary infrastructure and led to passengers facing congestion costs.

### **Summary of Consultation Responses**

As part of the consultation process two specific questions were asked of respondents that sought to identify if the significant increase in the size of the DAA's Capital Investment Plan might be related to current circumstances meeting the three tests for "substantial grounds". Treating revised airline business plans as being outside the airport's control, the questions related to the possible exceptional nature of revised airline requirements for airport facilities, and to whether exceptional revisions to airline business plans would be liable to have been significant enough to compromise the objectives of the original determination.

The questions and a summary of the responses received are set out below.

*Q 2: Do you consider the degree to which airline users of Dublin Airport have revised their anticipated requirements for airport facilities (such that DAA has developed a substantially larger capital programme) to provide the basis for exceptional circumstances?*

Four of the respondents, **Aer Lingus**, **CityJet**, **IDA** and **ITIC**, agreed that the demands of the major airline users have changed significantly and these were changes that could not have been anticipated by DAA at the time of the last review. Further, **CityJet** highlighted the increased labour immigration pattern as being a determinant of demand outside the control of the airport operator. The submissions argued that the airlines' revised requirements had meant that DAA in turn had to revise significantly the CIP.

**DAA** also agreed that the announcements by major users have had a significant effect. However, in line with submissions made by **Ryanair**, the DAA did not

necessarily believe that (in spite of the step-increase in traffic in 2006) the overall growth *rate* of passengers had increased significantly, especially over the medium-term. Rather, the demand arose from an expanding Dublin-Airport-based fleet that had driven the change to the CIP.

**Ryanair** stated that there has been no significant change in the traffic forecasts and consequently that there was no justification from this perspective for an interim review. **bmi** also stated that it did not believe that a significant change in planned traffic had occurred.

*Q 3: Do you consider the degree to which airline users of Dublin Airport have revised their anticipated requirements for airport facilities to be liable to give rise to financial or other effects that are large enough to compromise the Commission's statutory objectives unless the September 2005 decision is reviewed?*

Three of the respondents, **Aer Lingus**, **CityJet** and **DAA**, all agreed that the significant changes they perceived in user' requirements could have significant financial or other effects that could compromise the proper implementation of the Commission's statutory objectives. **ITIC** expressed support for a review but quoted broader issues linked to the provision of infrastructure as a justification.

**bmi** stated that only with the publication of the new CIP could it be determined whether its effects would be large enough to compromise the Commission's statutory objectives.

**Ryanair** held that, as there had been no revisions to airline's requirements for airport infrastructure, there was no basis for the Commission's objectives to be compromised.

### **Commission's Response to Submissions**

These responses have been considered by the Commission alongside its statutory objectives when considering the matters discussed in CP6/2006.

It has proved difficult to reconcile the diverging views of the airlines as to whether airline requirements for additional or enhanced airport facilities have changed sufficiently to constitute "substantial grounds" for a review. The

Commission continues to adhere to its original thinking in this regard, as set out in CP6/2006, that the demands of Dublin-based airlines appeared to have changed significantly since the completion of the 2005 Determination. Moreover, even if, although significantly stepped-up between 2005 and 2006, traffic growth *rates* thereafter would not be significantly affected by revisions to the plans of the two largest airlines at Dublin, the shift towards a larger Dublin-Airport-based airline fleet does appear to have significant implications for the facilities required at Dublin Airport.

Nonetheless, the Commission has decided not to rely on the change in airline requirements for facilities at Dublin Airport as constituting a sufficient “substantial ground” on this occasion for an interim review.

**(b) Delayed CIP finalisation due to 2004 State Airports Act’s provisions.**

Consideration was given as to whether the circumstances surrounding the delayed finalisation in 2005 of a new CIP might be regarded as meeting the notion of “exceptional circumstances”

The 2004 State Airports Act had set a timetable for the second price cap determination at Dublin Airport that was one year earlier than was originally provided for. The Act also provided for the appointment of a new Board of Directors for DAA (who were not in place until late 2004) and led to the appointment of a new Chief Executive (who was not in place until early 2005). Consequently when the Board undertook a review of the 2005 CIP, that review could not be completed within the statutory timeframe for the price review provided set out in the 2004 Act. In May 2005, the Government announced its Aviation Action Plan, which mandated the DAA to complete a new pier by 2007 and a new terminal by 2009.

It was suggested in CP6/2006 that this latter series of events could be considered exceptional, and were generally outside the control of the management of DAA (and although not necessarily outside the shareholder’s control, there was no evidence that the Government was acting in any other role than that of policy maker when taking these decisions). Finally, in terms of the last of the three proposed tests for holding an interim review, the case has been put to the Commission that the consequences of the delayed revision to the CIP would be

significant and would have an impact on the ability of DAA to viably implement the programme.

### **Summary of Consultation Responses:**

The requirements of the 2004 State Airports Act could be stated to have created an environment in which it was very difficult for the DAA to deliver a finalised CIP in time for the regulatory determination due in September 2005. Respondents were asked two questions as to whether these circumstances satisfied the criteria for an interim review.

*Q 4: Do you consider the circumstances surrounding the unavailability of a finalised CIP at the time of the 2005 Determination to have been exceptions? If you consider the circumstances exceptional, is this for any of the reasons suggested in this paper or for some other reason?*

Four of the respondents, **Aer Lingus**, **CityJet**, **DAA** and **ITIC**, agreed that the circumstances DAA faced at the 2005 determination, related to the impact of certain provisions of the 2004 Act, were exceptional.

**bmi** expressed the view that a CIP is an evolving programme and, as such, would never be "final". Consequently, the version used in the 2005 determination was as valid as a "finalised" version.

**Ryanair** stated that if such a concern had existed in 2005 then the determination should not have been undertaken.

*Q 5: Do you consider the circumstances to have been outside the control of the DAA?*

Five of the respondents, **Aer Lingus, bmi, CityJet, DAA** and **ITIC**, agreed that the circumstances were outside the control of the company.

While **bmi** agreed that the situation was outside the control of DAA, it noted that this is not exceptional, as many key factors are outside the control of the company. **Ryanair** argued that it would not be possible to determine whether the deciding factors were outside the control of DAA until the final CIP was known.

#### **Commission's Response to Submissions:**

These responses have been considered by the Commission alongside its statutory objectives when considering the matters discussed in CP6/2006.

While delaying a determination to allow better information to be collected (as advocated by **Ryanair**) might appear a feasible solution, all other things being equal, there are issues of law and principle, which constrain the Commission in this regard. First the 2004 Act placed a deadline requirement on the Commission that it had to meet<sup>4</sup>. Second, a delay of this sort would potentially allow the regulatory company to control at least to some extent the delivery of determinations, and this is in principle, undesirable.

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<sup>4</sup> This is acknowledged in paragraph 8 of Ryanair's submission, which states: "The Commission was required under the provisions of the State Airports Act 2004 to publish this decision by 1 October 2005." Thus Ryanair is aware that its recommended option – for the Commission not to have made a determination in 2005 – would have been contrary to law. On the underlying concern raised by Ryanair, about appropriate and timely information, this is always a concern within a regulated environment and the Commission has already stated in CP6/2006 that the Commission "will consider the appropriate timetable and information 'milestones' necessary for the conduct of a price review for the period after 2009 that would be compatible with the maintenance of good efficiency incentives in order to seek to avoid a repetition of the apparent need for a review only shortly following a price decision." (p.21).

The Commission considers that the combination of circumstances that made it difficult for the DAA to present a finalised CIP to the Commission in time for its 2005 Determination were by their nature exceptional and that this remains so in spite of the usual fluid character of investment plans (as argued by **bmi**) and in spite of the attractions of a more flexible regulatory timetable (as implied by **Ryanair**). Thus the Commission's first criterion for the holding of an interim review can be regarded as having been met.

The Commission considers that the issues relating to the impact of the 2004 Act on the CIP's finalisation were in real terms outside the control of the DAA, and notes that this has not directly challenged by any of the respondents. The Commission considers therefore that the second criterion for the holding of an interim review can be regarded as having been met.

It has been concluded that the first two elements of the three-part test for "substantial grounds" can be regarded as having been met. With regard to the third test, the Commission has concluded that the scale of the costs of the 2006 CIP are on the face of it, so far in excess of the cost base that underpinned the September 2005 Determination, that the effect of the absence of an interim review would be liable to be significant enough to compromise the objectives of that Determination. The correct regulatory approach therefore in the Commission's view is to undertake an interim review so that the 2006 CIP can be comprehensively considered and so that the statutory objectives can be fulfilled as required. In that regard therefore the third test is considered to have been met.

### **3.3 Scope of an interim review**

#### **The Commission's Initial Thinking**

What should be the scope of any interim review? Given the impact on incentives of any review, the Commission in CP6/2006 argued that it would be important to keep the focus as limited as possible – relating only to any aspect that had changed significantly and the underlying causes of that change. Matters exhaustively reviewed for the September 2005 price determination and which had not significantly changed, should not be re-opened as part of an interim review.

Specifically, the Commission expressed sympathy for limiting the scope of a review “to the data and arguments before the Commission as they were in September 2005 *except that* the 2006 DAA investment plan (and associated materials) would be substituted for the May 2005 DAA investment plan ... [but that it might] be necessary, in order to maintain the internal consistency of the review assumptions, to adopt revised traffic forecasts for the review and to recognise the consequential impacts on operating costs and retail revenues. It may also be necessary to recognise other material consequences for operating costs, commercial revenues or other model inputs if they arise directly from the revised plans for the capital programme. However, at present, the Commission does not envisage that any such consequences will be material to the review and it will need to be furnished with good evidence to be persuaded otherwise ... “(CP6/2006 p.19)

### **Summary of Consultation Responses**

*Q 6: What do you consider should be the scope of any review? Do you consider that the scope of any review should be limited as far as possible to the matters directly affected by the circumstances justifying the review?*

**Aer Lingus, CityJet** and **DAA** all agreed that the scope for any review should be focused on the impact of the factors justifying a review. **DAA** note that there are some potential additional issues that could be considered in an interim review but that these should be kept separate and handled, if appropriate, at a later date.

**bmi, ITIC** and **Ryanair** all found difficulties to be associated with a narrow scope for a review. **bmi** did not believe a review to be justified given the existing information. **ITIC** argued that any review has to be broad enough to capture the support for the CIP. Finally, **Ryanair** considered that reviewing the CIP in isolation would be difficult and that there would be additional issues such as the treatment of the proceeds of the sale of the Great Southern Hotels that also ought to be considered.

### **Commission’s Response to Submissions**

It is clearly important to retain the incentives from the original determination. Whilst ensuring a narrow focus for an interim review prompted by so large a ‘building block’ as a (greatly increased) CIP is likely to prove challenging, the

Commission will strive for this objective, given the impact on incentives of an interim review, as set out at some length in CP6/2006.

The Commission has therefore decided, after considering these responses alongside its statutory objectives, to confirm the position that it set out in CP6/2006 regarding the scope of a (rather narrowly defined) interim review.

The interim review shall therefore consider the data and arguments before the Commission as of September 2005 *except that* the 2006 DAA investment plan (and associated materials) will be substituted for the May 2005 DAA investment plan. In addition, it may be necessary, in order to maintain the internal consistency of the review assumptions, to adopt revised traffic forecasts for the review and to recognise the consequential impacts on operating costs and retail revenues. It may also be necessary to recognise other material consequences for operating costs, commercial revenues or other model inputs if they arise directly from the revised plans for the capital programme, and if evidence of the materiality of these consequences are before the Commission.

## **4 THE COMMISSION'S DECISION**

Based on the Commission's statutory objectives, the considerations set out in Commission Paper CP6/2006 and in this document, and on the submissions and views received subsequently, the Commission has decided to conduct a review of the September 2005 Determination on the basis of the following substantial grounds:

**a requirement to analyse the 2006 CIP for Dublin Airport arising from the circumstances surrounding the unavailability of a finalised CIP at the time of the 2005 Determination.**

In accordance with the provisions of the Aviation Regulation Act, 2001, it is the intention of the Commission to publish a statutory notice in the form of a draft determination according to the provisional timetable set out in the final section of this Paper, setting out the Commission's thinking on the issues falling within the scope of the review. This notice will initiate the formal statutory consultation period of at least one month. Following the Commission's consideration of all views received during the statutory consultation period, it will publish a comprehensive report including its response to any representations received.

The Commission would like to thank all those who participated in the exercise so far and it looks forward to a productive engagement with the industry over the remaining phases of the work.

## **5 PROCESS FOR THE INTERIM REVIEW (AND DURATION OF CONSULTATION PERIOD AFTER DRAFT DETERMINATION)**

In CP6/2006, the Commission set out, albeit very indicatively, that its best estimate of the time needed for the proper conduct of an interim review would be: (i) a period of 6 months prior to publishing a Draft Determination, which would also allow for a round of consultation, if necessary, with interested parties on key substantive policy issues associated with the investment plan; to be followed by (ii) a statutory consultation period of one month; and then (iii) at least one further month for the Commission to carefully consider the statutory representations and to make a final Determination. All told, this meant that a review would be expected to take a period of some 8 months from the date of receipt of the 2006 CIP. This estimate assumed that no out-of-the-ordinary issues would arise from consideration of the 2006 CIP.

In light of developments since then, the Commission is now able to set out somewhat more precisely its timetable.

The Commission is at present engaged in a data-gathering exercise related to the DAA 2006 Capital Investment Plan. It hopes to complete this phase of its work in December 2006. This would allow the Commission to consider the regulatory implications of the 2006 Capital Investment Plan in the earlier part of 2007.

In view of the fact that the Commission has decided that the scope of the 2006 interim review will be limited, in the main, to substituting the 2006 Capital Investment Plan for the May 2005 Capital Investment Plan, the Commission aims to publish its draft Determination in April 2007. However, it may be possible to publish the Draft Determination a little earlier, provided, *inter alia*, that the industry's participation in the Commission's review process is timely.

The Commission is mindful that the scale of the change in the Dublin airport price cap that could potentially arise from this interim review could be large relative to those of previous reviews. The Commission therefore considers that an adequate consultation period should follow the publication of the Draft Determination. This would allow all interested parties to engage fully and comprehensively on the proposals of the Draft Determination. To that end the Commission is prepared to consider a 2-month consultation period to follow the publication of the Draft Determination, envisaged for April 2007.

*The Commission therefore invites responses from interested parties as to the optimal duration of the consultation period to follow the Draft Determination resulting from the interim review. By law, the consultation must last at least one month. At present, the Commission is considering a 2-month consultation period. Interested parties with views on the duration of the consultation period are invited to send their views in writing to the Commission before the end of 2006.<sup>5</sup>*

When the consultation period concludes, the Commission will need at least one further month to carefully consider statutory representations and to make its final Determination. This means that, as of December 2006, the Commission envisages publication of a Draft Determination in **April 2007**, to be followed by a 2-month consultation period, and the publication of a Final Determination in **July 2007**. This timetable continues to assume that no out-of-the-ordinary issues arise in the course of the interim review.

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<sup>5</sup> Please send views to Ms. Brídín O’Leary, Economist, Commission for Aviation Regulation, Alexandra House, Earlsfort Terrace, Dublin 2 by close of business on Friday 29<sup>th</sup> December 2006.