

Aviation Commission Publishes Response To Appeal Panel

2005 Determination Varied in Certain Respects and Affirmed in Others

The Commission for Aviation Regulation today (22 June 2006) issued its response to the decision of the Aviation Appeal Panel on the Commission's 2005 Determination of Charges at Dublin Airport. The full version of the response (CP 5/2006) can be viewed at the Commission's website www.aviationreg.ie

Background

Following the publication of the second Determination of Airport Charges by the Commission in September 2005, the Minister for Transport received requests from two parties, the DAA and Fáilte Ireland, to have certain elements of the 2005 Determination re-examined. The Minister established an Aviation Appeal Panel on 9 February 2006 and it considered the appeals submitted by both parties.

The Appeals Panel issued its Decision on 4 April 2006, requiring the Commission to review three elements of the original Determination. By law, the Commission is obliged to consider matters referred back to it by the Panel and to make a decision about whether to affirm or to vary its 2005 Determination.

As part of its review, the Commission consulted with the DAA, airport users and interested parties on the three matters that had been referred back to it. The paper published today represents the outcome of that examination and sets out the Commission's decision to affirm or vary the appealed elements of the 2005 Determination and the reasons for its so deciding.

Decision

Reduction in Capital Expenditure (Capex) Allowances

The Commission has varied the 2005 Determination by including in the price cap the full cost of Pier D, that is, the €64 m notified to the Commission by the DAA (in the May 2005 CIP) to be the cost of Pier D.

The Commission has not varied the 2005 Determination in respect of the provisional Capex allowance of €185.2m for Terminal 2 that is included in the price cap.

Adjustments to the Regulatory Asset Base (RAB)

The Commission has varied the 2005 Determination by restoring to the restated RAB (Regulated Asset Base) the value of the write-down of Pier C (in the amount of €13.4m in 2004 prices) that had been excluded from the RAB that was used for the 2005 Determination.

The Commission has not varied the 2005 Determination in respect of the 'claw-back' from the RAB of a capitalised sum (in the amount of €6.6m) relating to income earned on the value of a Pier D asset that was not built.

Forecasted Commercial Revenues

The Commission has varied the 2005 Determination in respect of the forecast of the DAA's future commercial revenues at Dublin Airport by substituting the DAA's forecasts of future property revenues for those used in the 2005 Determination.



The Commission has not varied the 2005 Determination in respect of the forecasts of the other commercial revenue streams at Dublin Airport that were used in the 2005 Determination.

The Commission's paper - CP5/2006 - provides a detailed explanation of its decision and reasoning.

Impact of Variations on 2005 Determination

Following today's decision, the maximum per-passenger yield from airport charges at Dublin Airport, is increased from the **€6.14** set in the 2005 Determination to **€6.34**. This maximum yield (price cap) applies to the regulatory period 1 January 2006 to 31 December 2009 and represents an increase of 20 cents.

In announcing his decision the Commissioner for Aviation Regulation, Cathal Guiomard said, "The Commission has announced today its decision in response to the Aviation Appeal Panel's referral of three aspects of the 2005 price Determination back to the Commission for review. This process is now complete.

The Commission has commenced internal work to consider whether substantial grounds might exist to warrant a further review of the Determination in the light of the DAA's anticipated Capital Investment programme, which we hope to receive in the near future. On completion of this analysis, the Commission will publish a Commission Paper setting out its conclusions and seeking the views of interested parties on a possible review".

Ends

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