

Aer Lingus' response to Commission Paper CP3/2001 - Consideration of the Full Coordination of Dublin Airport

1. INTRODUCTION

Aer Lingus welcomes the opportunity to assist the Commission in its' determination as to whether Dublin Airport should be fully coordinated. Although we shared concerns that the Conditions for airport coordination under Article 3 (2) of Council Regulation 95/93 had not been fully adhered to in the 18th September 2000 decision to change the designation of Dublin to coordinated status, we are supportive of the Commissions efforts to comply with these Conditions in any consideration of the designation of Dublin Airport as fully coordinated.

Aer Lingus' submission to the Commission will be structured to present our comment on the assumptions, conclusions, analysis and factual basis of the SH&E report; and whether, having regard to the standard specified in Regulation 95/93, and the terms and nature of the report, a basis exists, in respect of Dublin airport, for the Commission to designate it as fully coordinated. We also take this opportunity to provide comment on the commercial, passenger and economic benefits associated with a coordinated designation.

2. SH&E ASSESSMENT OF CAPACITY OF DUBLIN AIRPORT

The main body of the report of 18th January last is divided into five discrete sections and our comments will address each in turn.

Introduction

Aer Lingus broadly agrees with the position as outlined by SH&E. There are, however, a number of points we would wish to clarify and conclusions we would wish to develop.

With regard to the current position at Dublin Airport we would like to inform the Commission that our desire to differentiate our product on the Heathrow route would not preclude Aer Lingus from operating from Pier C. We believe that the failure by Aer Rianta to adequately consult with airlines on the design and

development of Dublin Airport has resulted in sub-optimal facilities such as Pier C. However, our primary objective is to offer quality passenger service and we would operate from any of the current three piers in order to further this objective.

The general conclusion that the congestion experienced in Summer 2000 was due to a number of temporary infrastructure and organisation factors is supported. We would add that this outcome was entirely predictable and could have been largely avoided had adequate consultation, best practice planning and airport management been undertaken.

Although Aer Lingus was not consulted during the development of passenger traffic forecasts, the 5% average annual growth rate used by Aer Rianta is a reasonable estimate given the current regulatory environment. We would caution that any change in the bilateral arrangement with the US and Canada could lead to a significant increase in Transatlantic traffic and associated wide-body aircraft movements.

Investigation of Runway Usage and Potential Congestion

The success ACL has had in matching 2001 demand to available capacity is indicative of the pre-emptive nature of the June 2000 request by Aer Rianta that Dublin Airport be designated as fully coordinated. We would support the conclusion that the task of voluntary coordination will become progressively more difficult as demand increases. It is our contention that the retention of coordinated status will facilitate the continued development of air services at Dublin Airport. The challenge to be met by all involved in the process is to continue to match supply and demand thereby avoiding any requirement for full coordination.

Aer Lingus agrees that the Rapid Exit Taxiway (RET) at Dublin is shorter than those found at many airports and would suggest that exiting is not just somewhat, but dramatically slower, than it could be. We would propose that the construction of a High-Speed as opposed to a Rapid Exit Taxiway should be considered in order to assist in reducing average runway occupancy.

We would also be supportive of initiatives aimed at improving airfield efficiency developed in cooperation with the IAA, other airlines and Aer Rianta. Updated training programmes and an increased awareness of the benefits of reduced runway occupancy offer the potential for significant improvements at little cost.

The conclusion that adequate runway capacity exists to meet the projected usage in 2004 and that there is no evidence of any immediate constraints from taxiways and holding areas is endorsed by Aer Lingus. We take this opportunity to acknowledge the IAA's recent efforts in increasing the declared hourly runway capacity by 10% to 44 movements and would encourage further procedural and infrastructure developments to support additional increases.

Investigation of Stand Capacity and Potential Congestion

As a full service airline Aer Lingus would wish to offer airbridge and contact stand access to all of our customers. The infrastructure deficiencies in this regard are adequately reflected in the report and are also evidenced by the fact that up to 30% of all Aer Lingus handled movements require the use of busses. This is significantly higher than the average and demonstrates the inequity in the current stand allocation process. This situation not only impacts negatively on passenger service but also on resource requirements and cost. With high levels of non-contact stand use average turnaround times increase and aircraft asset utilisation decreases.

The arrangement whereby Aer Rianta has guaranteed Ryanair priority access to contact stands exacerbates an already difficult situation and disproportionately penalises other operators and Aer Lingus in particular. We would support the conclusion that the level of overall stand provision does not present a current or short-term constraint. Aer Lingus would also emphasise a requirement for transparency and equality of treatment in the allocation of relatively scarce contact stands. The addition of a fourth pier designed to maximise the number of contact stand positions would be a welcome development.

The limited data involved in the detailed examination of stand demand and turn-round times is indicative of the relatively unsophisticated approach which has been applied to stand allocation in the past. While identifying this shortcoming in the analysis we do however accept the summary of findings. The move by the base carriers towards flat year round schedules and the introduction by Aer Rianta of IBM stand management software would encourage a view that stand capacity issues can be managed.

Investigation of Terminal Capacity

The methodology used to assess terminal capacity is consistent with Aer Lingus planning models and we would also support the conclusion that Aer Rianta uses planning guidelines that will deliver standards of service in line with normal international practice. Good management of terminal capacity will determine the extent to which these standards can be delivered.

We would share concerns about the capacity of the immigration facility particularly in the context of a change in the bilateral agreement with the US and Canada. The other problem areas identified by SH&E are widely accepted, however, Aer Lingus would like to comment on the conclusion that the large bussing facility under Pier C would appear to present one solution to the problem of increased use of non-contact stands.

Bussing is often required for domestic and UK regional services which have a high

transfer traffic content and operate from contact and non-contact stands surrounding Pier A. The use of Pier C for bussing prolongs and complicates the transfer process and also lengthens through times for local traffic. The deficiencies inherent in the design of Pier C highlight the need for consultation in all future infrastructure development.

We would agree with the conclusion that there is sufficient capacity in the terminal as a whole for 3-4 years growth with the qualification that difficult management decisions and an increase in the use of non-contact stands will be required. Aer Lingus remains willing to continue with the use of non-contact stands but insists on a more equitable allocation of contact stands among all operators. Developments to increase the number of contact stands should be urgently progressed.

Assessment of the Findings in the Context of the Regulation

Aer Lingus is satisfied that the SH&E Report fulfils the condition under Regulation 95/93 Article 3 (3 iii) that a thorough capacity analysis be carried out. We endorse the findings that the decision to designate the airport as a coordinated airport is justified and, while noting the qualification we fully support the conclusion that there should be sufficient capacity available to delay a designation of full coordination.

Aer Lingus would encourage an acceptance that full coordination should neither be regarded as inevitable or desirable and that the retention of coordinated status should be a clear objective for all concerned with the operation and development of Dublin Airport. We believe that this position is by implication supported by Regulation 95/93 Article 3 (5):

'When a capacity sufficient to meet actual or planned operations is provided at a fully coordinated airport, its designation as a fully coordinated airport shall be lifted.'

We will continue to cooperate with Aer Rianta in its management of the airport and its stand allocation decisions. Aer Lingus is not prepared to accept the refusal of individual airlines to use non-contact stands and further suggests that a reducing quality of service should not be accepted as being inevitable.

Aer Lingus had operated as Schedules Facilitator collecting and combining the proposed schedules of airlines planning to operate into Dublin Airport. The appointment of ACL as coordinator has supported the continued development of an inclusive, transparent and systematic approach to capacity management. We will continue to work closely with ACL and to make requested schedule adjustments where possible.

An inability to accept ACL schedule proposals should not be seen as a refusal to comply with the voluntary system but is rather a reflection of aircraft, crew and

operational constraints. We remain confident that with consultation and compromise the voluntary re-scheduling of flights will continue to match demand with supply.

The practical measures to prevent unannounced arrivals are welcome. We would also draw attention to the problem of speculative or shadow slot requests. These serve to distort demand and have been a feature of coordination at Dublin.

3. BENEFITS OF COORDINATED STATUS

Schedule based features are a key competitive variable. This is particularly the case in the high frequency short-haul markets in which Aer Lingus competes. The ability to meet passenger demands with regard to departure and arrival times is therefore critical and is facilitated by the voluntary coordination of schedules.

Although not a feature of the deregulated US environment, fully coordinated status applies at major European airports. For a carrier such as Aer Lingus, with a limited slot profile at these airports, the ability to offer competitive schedules would be greatly diminished if full coordination were to apply at both ends of a route.

Aer Lingus operates a network of services with flight schedules coordinated at our Dublin hub to maximise passenger connection opportunities. The flexibility to coordinate schedule development within ones own network and with partner airlines is facilitated by the voluntary coordination of schedules. If significant levels of transfer traffic were lost it is probable that a) the number of direct services from Dublin would be reduced, and b) that average aircraft size would decline increasing pressure on runway and stand capacity.

Any reduction in the number of direct air services from Dublin would have a negative impact on the local economy. Despite provision being made under Article 9 of Regulation 95/93 for slots to be reserved for regional services a significant element of traffic on these domestic services is transfer traffic and is dependent upon schedules being aligned and connections being made available. Thus any change to the coordinated status at Dublin Airport could also have an impact on regional development.

Lower access costs and competitive airfares have made a significant contribution to recent economic development. Other things being equal it is the Aer Lingus view that asset utilisation, both aircraft and crew, is more likely to be efficiently managed in a coordinated environment. Full coordination would increase the cost of production thereby placing upward pressure on airfares and downward pressure on demand.

4. CONCLUDING REMARKS

It is Aer Lingus' submission, having regard to the standard specified in Regulation

95/93, and the terms and nature of the SH&E report, that no basis exists, in respect of Dublin Airport, for the Commission to designate it as fully coordinated.

There is clear evidence that, with proper management and cooperation, sufficient runway, terminal, and stand capacity exists to support the retention of coordinated status. As a base carrier at Dublin Airport Aer Lingus remains committed to the successful operation of this voluntary system.