

September 22, 2016

Dr. Adrian Corcoran
Director of Economics
Commission for Aviation regulation
3rd Floor, Alexandra House
Earlsfort Terrace
Dublin 2

23 September 2016

Re: Consultation on Process for Consideration of a Supplementary Capex Allowance (CP5/2106)

Dear Adrian,

Aer Lingus agrees with the general principles for the consideration of supplementary capex during a regulatory period as set out in the above Consultation Paper. Such a process should balance the needs of users, on the one hand, to get access to additional infrastructure in a timely and cost effective manner, and of the airport, on the other, to have certainty in relation to the recovery of its reasonable costs.

We agree with the key conditions that should be met in any such process as set out in paragraph 2.2. We also agree with the need for detailed consultation with users together with the provision of relevant cost information and the carrying out of a capacity assessment to support an increase in the capex allowance. However, we also recognise that changing market conditions can give rise to urgent capex requirements and it is essential that CAR conduct such a process in a timeframe which facilitates the timely delivery of necessary infrastructure. In the case of Dublin Airport, the dramatic increase in passenger numbers coupled with the growth plans of Aer Lingus (following its acquisition by IAG) were not anticipated at the time of the 2014 Determination and there is now an urgent need to address existing capacity constraints.

As indicated our CEO's letter of 23rd August, daa has engaged positively with Aer Lingus in the design of the Pre-Boarding Zone which is critical to our growth plans. Aer Lingus fully supports this project and appropriate remuneration of related capital costs. In addition, daa's current Capacity Consultation has been a valuable exercise in identifying current capacity constraints throughout the airport and we will make further submissions upon receipt of the conclusions of this process which are expected shortly.

Yours sincerely,

Laurence Gourley
Director of Legal