

AR/CAR/03:

Aer Rianta Submission to the Commission
for Aviation Regulation

On

The Consideration of the Full
Coordination of Dublin Airport.
(CP3/2001)

5th June 2001

AerRianta

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1 INTRODUCTION AND BACKGROUND

The Council Regulation (EEC) No. 95/93 sets out common rules for the allocation of slots at capacity constrained Community airports. On 1st September 2000 the Minister for Public Enterprise in line with the regulation designated Dublin Airport as a Coordinated airport (a Coordinated airport is one where a Coordinator has been appointed to facilitate the operations of air carriers operating or intending to operate at that airport). ACL (Airports Coordination Ltd) was appointed as the Airport Coordinator.

The Aviation Regulation Act 2001 provides that the Commission for Aviation Regulation is the competent authority in Ireland for the purposes of Council Regulation 95/93. As such the Commission is responsible for the designation of Community airports located in Ireland as Fully Coordinated (a Fully Coordinated airport is a coordinated airport where, in order to land or take off, it is necessary to have a slot allocated by the Coordinator).

Dublin Airport has seen unprecedented traffic growth since 1993 when 5.9 million passengers passed through the airport. Since then the average traffic growth has been at the rate of over 1 million extra passengers per annum and last year 13.8 million passengers used Dublin Airport.

Table 1. Traffic growth at Dublin Airport since 1993

	Passengers	Aircraft Movements	Freight (Metric Tonnes)
1993	5,938,126	118,148	65,292
1994	6,980,983	130,031	72,655
1995	8,024,894	127,450	84,401
1996	9,091,296	140,043	107,004
1997	10,333,202	150,335	122,619
1998	11,641,100	162,086	134,650
1999	12,802,031	170,421	145,391
2000	13,843,528	180,245	150,223

This growth is expected to continue at Dublin with traffic forecasted to reach 20 million passengers per annum¹ by the year 2006/7.

This growth in traffic has been very welcome but it has brought with it the problem of congestion and peaking of business at the airport. ACL is coordinating the summer 2001 schedule and one of their main objectives is to reach agreement with the airlines to match demand against declared capacity limits set for Dublin Airport. This submission outlines where some airlines are not re-scheduling flights as requested by ACL, resulting in

¹ Passenger traffic centerline forecast

periods where demand exceeds capacity. Airlines at Dublin Airport operate in a highly competitive market and if some airlines refuse voluntary moves it will very likely leave them in a stronger position than airlines who have been cooperative with voluntary schedule moves.

In September 1999, Aer Rianta wrote to the Minister for Public Enterprise requesting that Dublin Airport be designated as Fully Coordinated. In accordance with the Council Regulation 95/93, the Minister commissioned a capacity assessment by SH&E of Dublin Airport. This report is now published on the Commission for Aviation Regulation website.

This submission will comment on the assumptions, analysis and factual basis of the SH&E report and assess the findings in the context of the Regulation. In addition it will outline consequences resulting from a decision not to designate Dublin Airport as Fully Coordinated and make recommendations accordingly.

2 CONTEXT FOR FULL COORDINATION

2.1 Dublin Airport before the appointment of a Coordinator (ACL)

Since 1993 Aer Rianta has been in formal discussions with operating airlines and the International Air Transport Association (IATA) regarding the establishment of a system of scheduling advice and management at Dublin Airport. Prior to that, the absence of a role for Aer Rianta in the co-ordination of airline schedules was not seen to be a major problem due to the availability of sufficient capacity, relatively low growth rates and a monopoly ground handling environment. These factors have changed significantly in recent years and the provision of unlimited capacity necessary to meet unconstrained demand cannot be justified on economic grounds. Experience at other airports and indeed in other industries has shown that an effective management system of demand is essential for the orderly, economic and efficient use of capacity.

Following discussions with IATA in 1993, Dublin Airport was designated by IATA as a SMA (Schedules Movement Advice/ Schedules Managed Airport) and has operated under the IATA system since summer 1994. Aer Lingus, as the national airline, was appointed data collection agent (DCA). In this role Aer Lingus provided Aer Rianta with airline scheduling information that was used as the basis for seasonal planning, particularly stand allocation, and provided a coordination service for the airlines.

There was however a number of difficulties with this system including late or non-notification of airline schedules. Competitor airlines were reluctant to submit their schedule six months in advance to their largest competitor. There was a question of lack of transparency with Aer Lingus filling three roles: major base airline, handling agent and data collection agent. Most importantly airlines could schedule new operations at peak times without penalty.

In September 1998 Agreement was reached at a Conference jointly organised by IATA and Aer Rianta. All airlines operating at Dublin pledged their full support to participate in a new system that incorporated some elements of the EC Regulation 95/93 while maintaining the IATA scheduling status. A Scheduling Committee was established to oversee and agree capacity determination provided by Aer Rianta and the data collection process, which would continue to be provided by Aer Lingus. In principle the agreement was reached on the basis that when the demand for slots for any given hour exceeded the declared limits, no additional airline schedules would be cleared to operate in these hours. It was further agreed that the flight schedule approved by the DCA for summer 1998 would be used as the yardstick for capacity determination, even though many of the hours were already in excess of declared terminal and runway capacity.

However, in practice this system did not work. There was no evidence of any material intervention by the DCA and over the next 2 years there was an ever increasing scheduling of flights into Dublin Airport during peak periods placing further strain on airside and terminal operations.

Aer Rianta's position over this time has been to seek, through the Department of Public Enterprise the designation of Dublin Airport as a Fully Coordinated airport. This status as defined in the Council Regulation 95/93 would mean that Dublin Airport would be slot controlled by an independent Coordinator in a 'neutral, transparent and non-discriminatory' fashion. The result of this would be that extra flights that would exceed declared capacities could not be scheduled to Dublin Airport resulting in excessive levels of congestion (as seen during the summer of 2000).

In September 2000 the Minister for Public Enterprise designated Dublin Airport as a Coordinated airport (not Fully Coordinated as requested by Aer Rianta).

2.2 Dublin Airport as a Coordinated Airport.

A Coordinated airport as defined by the Council Regulation 95/93 'shall mean an airport where a Coordinator has been appointed to facilitate the operations of air carriers operating or intending to operate at that airport'.

In October 2000 Airport Coordination Ltd (ACL) was appointed by the Department of Public Enterprise as Coordinators for Dublin Airport.

ACL was established as an independent company in 1992 by a group of major UK airlines to provide a quality coordination service at UK airports. Coordination is a technique designed to balance the supply and demand for scarce airport capacity. Today ACL provides a coordination service at 13 major airports in the UK and at Dublin Airport. Decisions made by ACL Coordinators are transparent and open to scrutiny by any airline as well as by the airports and the Regulators. Coordinators have a legal duty of neutrality and non-discrimination between carriers.

ACL represented Dublin Airport at the IATA scheduling conference in November 2000. They now replaced Aer Lingus as Data Collection Agents and set about facilitating the operations of air carriers intending to operate to/from Dublin Airport. Aer Rianta provided to ACL declared capacities for Dublin Airport, which were established by independent consultants.

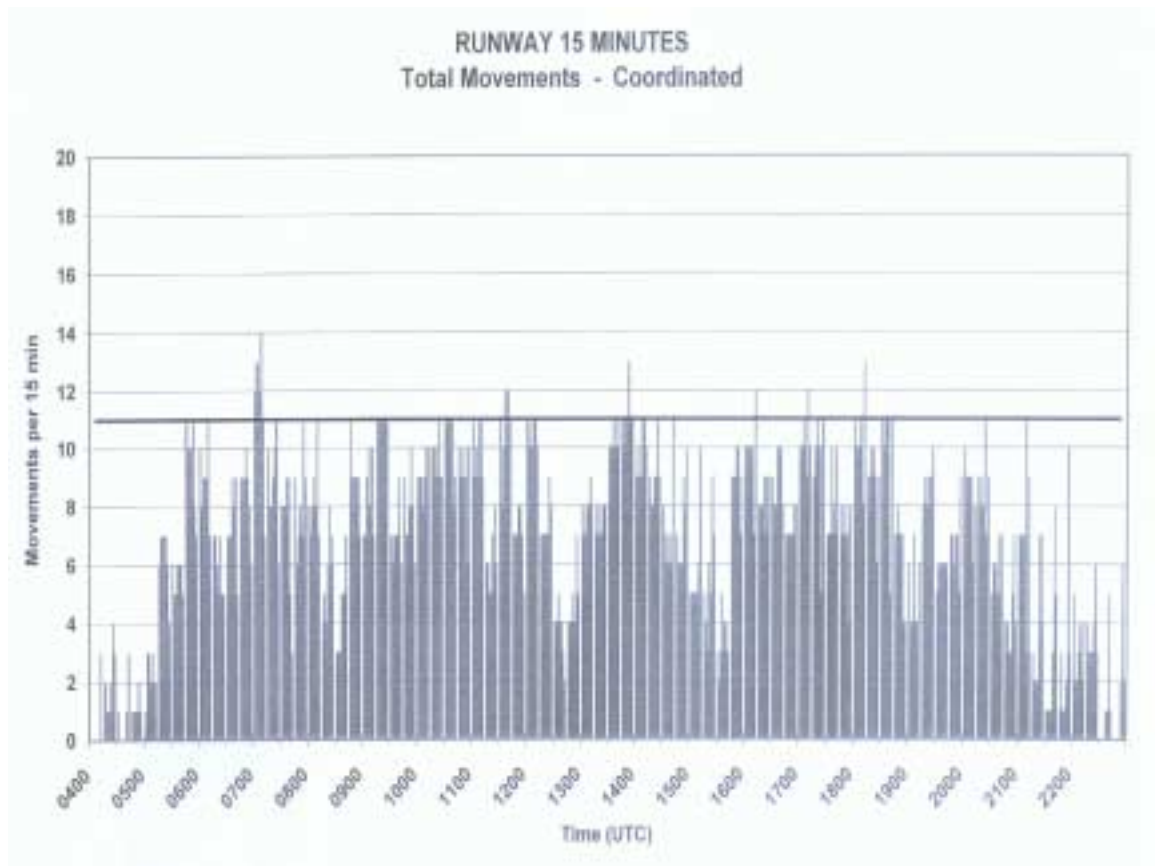
While Aer Rianta uses these capacity figures it recognises the potential for capacity enhancements and the need for Dublin Airport to analyse capacity within the various processes/sub systems of the Airside, Terminal and Landside operation. This would facilitate a more sophisticated approach to the management of specific airport facilities such as Piers, and assist with the management of demand/capacity. This is becoming increasingly important as Immigration requirements potentially affect the use of certain facilities, notably Pier A and the Old Central Terminal Building, which do not provide segregation between different classes of passenger.

Table 2. Declared capacities for Dublin Airport for summer 2001.

Aircraft Movements	40 per hour 11 per 15 minutes
Passengers - Arrivals	3000 per hour
Passengers - Departures	3250 per hour

Aer Rianta also advised operators of the new status of Dublin Airport and arranged for an amendment to AIP IRELAND advising airlines that pre arrangement of Ground Handling was mandatory and that contact should be made with ACL before operating to Dublin.

Prior to the conference, the schedules submitted by airlines exceeded declared capacity limits for Dublin Airport. ACL sought to bring the demand back to capacity levels, requested carriers to move some flight timings and offered alternative 'cleared times' to operate. The cleared times if taken up would have seen airlines facilitating the schedule at Dublin Airport. There is clear evidence that some airlines have refused to move some flight timings.



The declared capacity for runway movements over a 15 minute period is set at 11 movements. The histogram above reflects the summer 2001 schedule following attempts to coordinate the schedule. It shows demand for runway use is exceeded several times, peaking at a demand for 14 movements over a 15 minute period. The result of this can only lead to delays in our airside and passenger terminal operation.

Data made available to Dublin Airport by ACL, as part of its commitments as the Coordinator appointed by the Department of Public Enterprise, contains details of all the flights planned to operate to/from Dublin Airport. The data contains various codes which indicate to ACL the status of each flight and show whether airlines have accepted, changed or refused times proposed by ACL. Analysis of this data shows that there are several thousand flights that have not accepted requests for schedule adjustments made by ACL throughout the summer scheduling period.

The schedule for May shows that the number of flights during some hours of the week are exceeding the declared capacity. The expectation is that as the summer schedule peaks between June and September demand will exceed airside capacity resulting in potential congestion and delays.

2.3 Results of Coordination.

The appointment of ACL as the Coordinator has improved the collection, data quality monitoring and dissemination of summer schedule information within Dublin Airport. Staff at Dublin Airport audit the expected schedule from ACL against actual flight operations on the day. Variances are highlighted and advised on a daily basis to ACL who follow up differences.

However, the voluntary rescheduling of flights is not being observed by all airlines which means that Dublin Airport cannot guarantee that it will not have congestion problems this summer. Aer Rianta cannot anticipate the reaction of those airlines who have cooperated with ACL if congestion is caused by those airlines who have not.

The process of Coordination at Dublin Airport has not shown itself to be totally successful. Some airlines are not complying with the process of Coordination and with the summer 2001 upon us, unconstrained demand is coming at us. Aer Rianta's view is that Full Coordination is necessary.

3 SH&E REPORT ON CAPACITY AT DUBLIN AIRPORT

3.1 Assessment of Capacity

In accordance with the Council Regulation 95/93 the Minister for Public Enterprise commissioned a capacity assessment of Dublin Airport in order to assess the request of Aer Rianta for designation as a Fully Coordinated airport. This report was undertaken by consultants SH&E and its findings are published on the Commission for Aviation Regulation website. This section will comment on the assumptions, analysis and factual basis of the SH&E report.

STANDS

SH&E 1.Executive summary (Stands / Apron)

'There has been a shortage of suitable stands and subsequent delays perhaps because of a lack of flexibility in the stand allocation system, and inadequate stand management decision aids'

A new stand management tool is being introduced as part of a new computerised Airport Operations System and this will improve both the level of consistency within stand planning and our recordkeeping of stand utilisation.

For many summers we have used runway 11/29 and taxiway P1 as overflow parking areas. The development of more parking stands at the location of taxiway P1 and the need to have runway 11/29 available for operations has ended the use of these overflow parking areas and consequently has put pressure back on aircraft parking stands.

SH&E 4.2

Table 3. Estimated stand demand and capacity 2000-2004.

Table 3 shows that for this summer in peak hours that demand for total contact stands will equal our capacity giving us no excess over capacity. If airlines are not responding to requested moves by ACL to reschedule in this period, this excess demand will inevitably result in a reduced level of service (ie bussing).

The report states that taxiways P1 and P2 could be used for parking areas.

Taxiway P2 cannot be used for any aircraft parking as this area is used by medium sized aircraft for engine testing.

What is left of Taxiway P1 (following development of the area for aircraft parking stands) is regularly used as a taxiway and flexibility on the manoeuvring area to Air Traffic Control would be reduced if it is used as a parking area.

SH&E 4.4 and SH&E 4.5

The report refers to the stands wholly used by cargo aircraft

With the exception of one operator wishing to operate exclusively from contact stands to the potential detriment of other airlines, there are no parking stands at Dublin Airport dedicated to one type of operation (ie) Cargo. It is misleading to suggest that Dublin Airport reduces its flexibility in stand allocation because of cargo operations.

SH&E 4.6 Actual stand demand on 3/4/5 August 2000

The report refers to wide bodied stand demand peaking at a requirement for 6 stands simultaneously during this period.

There are several wide-bodied aircraft that day stop at Dublin. Widebody stands are also required for daily operational turnarounds of larger aircraft. It is misleading to suggest that only 6 widebody stands are required at Dublin at any one time.

SH&E state that the average turnaround for wide-bodied aircraft is approximately 2hrs. On Saturday 25th May 2001 between 0910hrs and

1115hrs there was requirement for 11 wide-bodied stands for the following flights.

Flight Number	Aircraft Type
EI124	A330
TSC306	B757
DL135	B767
DL129	B777
BY572A	B767
CO23	B757
EI106	A330
EI145	A330
SSV660	A330
EI144	A330
EI105	A330

AIRLINE COOPERATION

SH&E 2.3

In this section referring to congestion the report suggests that 'A further difficulty was the use of Dublin Airport by a number of 'uncoordinated' charter airlines'.

The current status of Dublin Airport as Coordinated is not likely to resolve this problem despite Aer Rianta writing to operators and advising our new status in an amendment to AIP IRELAND.

The report states that 'One of the main objectives of ACL's attendance at the conference was to reach agreement with the airlines to match demand to supply. There are already some concerns regarding the degree of airline's cooperation which reinforces the need for a regular review of self-management.'

Demand for the use of Dublin Airport is exceeding supply despite the efforts of ACL. This is due to some airlines not accepting a request for voluntary moves to their schedule. This will result in declared capacity being exceeded and the process of Coordination will have been undermined.

BENCHMARKING

Appendix 3 - Selected Fully Coordinated European Airports

In any benchmarking exercise, Appendix 3 as shown below would provide significant justification for Full Coordination at Dublin Airport.

Rank	City	Airport	Co-ordination Status	Annual Passengers (millions)
1	London	LHR	Fully Co-ordinated	62
2	Frankfurt	FRA	Fully Co-ordinated	45
3	Paris - Charles de Gualle	CDG	Fully Co-ordinated	43
4	Amsterdam	AMS	Fully Co-ordinated	37
5	Gatwick	LGW	Fully Co-ordinated	30
6	Madrid	MAD	Fully Co-ordinated	27
7	Paris-Orly	ORY	Fully Co-ordinated	25
8	Rome	FCO	Fully Co-ordinated	24
9	Munich	MUC	Fully Co-ordinated	21
10	Zurich	ZRH	Fully Co-ordinated	20
11	Brussels	BRU	Fully Co-ordinated	20
12	Palma De Mallorca	PMI	Fully Co-ordinated	19
13	Manchester	MAN	Fully Co-ordinated	18
14	Barcelona	BCN	Fully Co-ordinated	17
15	Copenhagen	CPH	Fully Co-ordinated	17
16	Stockholm - Arlanda	ARN	Fully Co-ordinated	17
17	Milan - Malpensa	MLP	Fully Co-ordinated	17
18	Dusseldorf	DUS	Fully Co-ordinated	16
19	Oslo	OSL	Fully Co-ordinated	14
20	Istanbul	IST	Fully Co-ordinated	13
21	Dublin	DUB	SMA	12
22	Vienna	VIE	Fully Co-ordinated	11
23	Berlin Tegel	TXL	Fully Co-ordinated	9.6
24	Helsinki	HEL	Fully Co-ordinated	9.6
25	Moscow	SVO	Fully Co-ordinated	9.6

Source IATA

3.2 Assessment of SH&E findings in the context of the Regulation

In section 6.2 of the SH&E report, it states that Dublin Airport, should have, at least on paper sufficient capacity to delay full coordination for a small number of years. However this view is based on the belief that improvements will be implemented in the following areas:

3.2.1 Improvement of Stand Allocation/Management processes

Aer Rianta is introducing a new computerised Stand Planning tool that will greatly improve report generation and record keeping in such areas as stand utilisation. However there is no evidence that the new stand allocation system will produce far greater flexibility in the allocation of scarce aircraft parking stands. The current system of stand allocation requires Aer Rianta operational staff to work very closely with customer airlines / Handling agents in the allocation process. Rules for the allocation of parking stands are published.

3.2.2 Contact / Non Contact stands

The report views the availability of stands as being the most critical element in the airport system. It states that there is potential for unacceptable levels of congestion and that the airline community must decide whether:

- *It is prepared to accept a reducing quality of service: and*
- *Either all airlines agree to use when necessary non-contact stands or the community is prepared to accept the refusal of individual airlines to use non-contact stands.*

Airline operators need to decide in the absence of Full Coordination:

- They will accept a reduction in the quality of service to their passengers and that
- Either all airlines agree to share bussing of passengers or
- Airlines will accept the refusal of certain airlines to bus passengers.

SH&E state that it is their opinion that in the absence of airline agreement on these points Dublin should be designated as Fully Coordinated. There is little likelihood of agreement by the airlines on these points.

3.2.3 Ground Handling arrangements match growth in traffic

Aer Rianta has reinforced through the publication of AIP IRELAND the requirement that all airlines must have Ground Handling arrangements before contacting ACL to operate to Dublin. This will be monitored to assess whether it has a positive effect on demand patterns.

3.2.4 Cooperation of airlines in contacting ACL before operating

Aer Rianta has facilitated meetings between ACL and both Handling agents and Airlines (AOC) to reinforce the need for all airlines intending to operate

to Dublin to contact ACL in order to facilitate their schedule. Aer Rianta in turn advises ACL of flights operating to Dublin that are not on the ACL schedule.

3.2.5 Voluntary rescheduling of flights as requested by ACL.

SH&E state '*Of equal importance is the voluntary rescheduling of flights, as and when requested by ACL*'. If this cooperation is not forthcoming SH&E conclude that there would be periods in which demand would exceed declared capacity. The report states that this '*...would be the clearest possible indication that designation of Dublin Airport as fully co-ordinated would be justified.*'

As already indicated several airlines are not fully cooperating with requests from ACL to retime flights.

4 CONSEQUENCES OF NOT DESIGNATING DUBLIN AIRPORT AS FULLY COORDINATED

4.1 Quality of Service / Congestion

Whilst Dublin Airport has doubled the size of the Terminal space alleviating some problems there, congestion problems will present themselves to our airside operation. As outlined in section 3.2.2, Airlines and their passengers must be prepared to accept a reduction in the quality of service. Given the fact that some airlines are not acceding to requests from ACL to retime flights, Dublin Airport cannot ensure that there will be a significant improvement over the summer 2000, which saw periods of congestion at Dublin.

Those airlines who have been compliant with ACL in voluntarily rescheduling flights will be seeking access to airside facilities on the same basis as non-compliant airlines. Excess demand on declared capacity will almost inevitably result in delays for contact stands. Where non contact stands are used, further delays can be expected in bussing even more passengers and baggage to remote parking stands on a busier apron.

All agencies operating at Dublin Airport will be impacted upon by this excessively peaked demand. The result may well be that Dublin Airport would again be the target for complaints from the public even though the situation is not controlled by the airport.

Airlines currently complying with ACL requests will see that some other airlines are not, potentially leading to their reverting to non-compliance in

future seasons and a consequential breakdown in the co-ordination process. No sanction exists to address this problem, which effectively results in a situation whereby the non-compliant carriers gain an advantage over compliant carriers while the congestion costs are borne equally by both.

4.2 Capital Expenditure

As already referred to in earlier submissions to the Commission for Aviation Regulation (AR/CAR/01 and AR/CAR/02), Aer Rianta approaches capital expenditure on a planned and consultative basis. If Dublin Airport is not designated as fully coordinated, the lack of cooperation currently being exhibited by carriers in relation to ACL requests will inevitably result in our declared passenger and aircraft capacities being regularly and significantly exceeded. Based on past experience, the consequent reduction in service levels will be used to exert pressure on Aer Rianta to provide additional infrastructure.

Building facilities as a direct result of airlines refusing to co-operate with schedules coordination would be wasteful and inefficient in the context of the long term planning needs of the airport. In addition, the cost of such infrastructure would have to be reflected in our airport charges.

No airport can cater for unconstrained demand on an indefinite basis. The cost and environmental considerations associated with capital investment require a long term perspective. Full coordination is the only basis upon which Dublin Airport can accurately ensure that capital is expended efficiently.

4.3 New Entrants

The refusal of certain airlines to cooperate with the current schedules coordination process effectively creates a 'free-for-all' in respect of landing and take off times. Whilst this alone may not produce congestion for Dublin Airport's customers and an inefficient use of resources, the opportunities for new entrant airlines to compete in the market while observing the Coordinated status of Dublin Airport will be severely constrained.

The incumbent carriers are occupying the most commercially viable and popular time periods, and would be most unlikely to yield to a competitor. Such an arena for competition would be inconsistent with the Irish Government's policy and would conflict with the European Commission's stated aims in this regard. Indeed, in the case of slot allocation specifically, the EU Commission recently pointed out that the central objective of its proposed amendment to the 1993 regulation is "...to considerably improve the current system of slot allocation and to further facilitate market entry and growth of new entrants, and thus promote (greater) competition".

5 CONCLUSIONS

Passenger traffic at Dublin Airport has been growing at the rate of 1 million extra passengers per year since 1993. To assist in managing this increase in traffic, Dublin was designated by the Minister for Public Enterprise as a Coordinated Airport in September 2000. As outlined in the Press release from the Department of Public Enterprise on 21st September 2000, the objective was to put in place a formal structure for the allocation of airline slots and to remove responsibility for slot allocation from the airlines to a central outside management body. The Minister stated 'The central management of slots at the airport will have the effect of easing congestion'.

The results of Coordination have not been successful at Dublin for Summer 2001 season, because some airlines are not cooperating in rescheduling flights as requested by the independent Airport Coordinator (ACL) appointed by the Minister. This results in periods where demand exceeds declared capacity for the airport. When declared capacity limits are exceeded, airlines and their passengers will most likely suffer from airport congestion resulting in delays and a reduction in the service level. Airlines who have voluntarily been compliant with ACL in rescheduling flight times will be no different in this regard and may very well feel penalised by the process. There is also a danger that they may change their approach to compliance in future years, exacerbating the current situation. The SH&E report views the availability of stands as being the most critical element in the airport system. Dublin Airport cannot be expected to provide extra infrastructure to meet unregulated demand without passing on costs to the industry.

Appendix 3 in the SH&E report produces a table of selected European airports which shows Dublin Airport as the only airport which is not Fully Coordinated. In any Benchmarking exercise this table provides significant justification for Dublin in seeking Full Coordination.

Only if Dublin Airport is designated as a Fully Coordinated airport would the airport coordinator have the necessary powers to refuse slot applications when the declared capacities are reached.

6 RECOMMENDATIONS

To address the issues outlined above, Aer Rianta requests the Commission for Aviation Regulation to designate Dublin Airport as a Fully Coordinated Airport with effect from Summer 2002 season under the terms of the EC Council Regulation 95/93.