Mr Mark Clifton
Civil Aviation Authority
Westferry Circus
Canary Wharf
London EH14 4HD
By email: economicregulation@caa.co.uk

28th January 2025

Aer Lingus' response to the CAA review on the Terminal Drop Off Charge (TDOC)

Dear Mr. Clifton,

Thank you for the opportunity to provide our input on the CAA's review of TDOC revenue allowances for the H7 price control period by Heathrow Airport Limited (HAL).

Aer Lingus fully supports and endorses the detailed response submitted by our parent company, IAG. We would like to highlight and reinforce some of the key points made in that submission:

TDOC Risk Sharing Mechanism:
We strongly agree with IAG's position regarding the application of the TDOC risk-sharing mechanism. HAL's decision to attempt to recover a £3.8 million shortfall for 2025 through an additional £0.05 charge on the Maximum Allowable Yield is a misapplication of the mechanism, as it contravenes the purpose of the 65/35 risk-sharing arrangement set out by the CAA. This mechanism was designed to address the risk of excessive profits, not shortfalls in revenue.

We also echo the observation that HAL's choice not to adjust TDOC pricing sooner was a commercial decision, likely for strategic reasons, and that consumers should not bear the cost of this delay or HAL's forecasting errors.

Furthermore, we agree that the original intention of TDOC to reduce terminal forecourt car usage and encourage the shift to alternative transport modes does not align with HAL's approach to seek revenue guarantees for this charge.

Future TDOC Revenues and Commercial Impact:
We support the recommendation that any assessment of future TDOC revenues should be part of the H8 price control discussions, ensuring that appropriate efficiency targets apply and no revenue guarantees are established for HAL.

Public Transport Revenues:
We also welcome the CAA's intention to evaluate how HAL may have benefited from increased public transport and car park revenues as a result of the introduction of TDOC. This focus is essential to understanding the broader impact of the charge.

Aer Lingus Limited. Registration: Ireland 9215. Registered Office: Dublin Airport, Ireland. Directors: a list of names and personal details of every director of the company is available for inspection to the public at the company's registered office for a nominal fee.

In conclusion, Aer Lingus reiterates its alignment with IAG's position and its recommendations to the CAA, which include confirming that:

HAL cannot recover TDOC shortfalls under the current 65/35 risk-sharing mechanism.
HAL should return the £0.05 incorrectly levied on the Maximum Allowable Yield in 2025, with potential remedies including adjustment to 2026 charges or issuance of a credit note.
We remain available to the CAA for further discussions or to provide any additional information required as this review progresses.

Yours sincerely,

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Marta Drozdz
Airports Commercial Manager