



Demand Management -- Federal Issues

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Topics

- What is Demand Management
- Precedents
- Federal Goals
- Prerequisites for Demand Management
- Federal Concerns/Issues
- Compliance with The Law
- Unanswered Questions
- Comments on Various Forms of Demand Management
- Conclusion

What is Demand Management

- Market-Based Actions
 - Pricing
 - Subsidization
- Administrative Actions
 - Operational Limits
 - Size of Aircraft Limits
 - Perimeter Rules
- Hybrid Actions
 - Auctions

Precedents

- Federal Actions

- High Density Rule
 - Scheduling Committees
 - Buy/Sell
- Emergency Rules -- Interim Operations Plan
- AIR-21 Slot Exemptions -- Lottery

- Local Actions

- LGA and Washington Reagan -- Perimeter Rules
- Boston Logan -- Congestion Pricing
- John Wayne -- Departure Slots

- Individual Airlines -- Yield Management

Federal Goals

- Adequate Air Transportation
- Safety/Security/Efficiency -- FAA Mission
- Compliance with Federal Law

Prerequisites for Demand Management

- Excess Demand -- Resulting in a Constant and Increasing Level of Delay
- Prominence of the Airport within the NAS
- Inability to Increase Capacity

Federal Concerns/Issues

- Efficiency Improvement
- Capacity Expansion
- Consumer Welfare
- Airline Competition
- Regional Access
- Compliance with the Law
- International Agreements
- Airport Use Agreements
- Ease of Administration

Compliance With The Law

- Federal Preemption of Airspace Management
- Regulation of Routes/Rates/Services
- Rates and Charges Policy
- Discrimination

Unanswered Questions

- What to Do?
- Who Can Do It?
- What to Do with the New Money, if Any?

Comments on Various Forms of Demand Management

- Operational Limits
 - Immediately Controls Congestion
 - Who Sets the Limit
 - How to Allocate/Increasing Efficiency
 - No Runway Capacity Gain

Comments on Various Forms of Demand Management (continued)

- Auctions

- Need Operating Limits
- Immediately Controls Congestion
- Efficient Allocation
- Who is the Seller
- Application of Proceeds
- Competition/Regional Access
- Consumer Welfare

Comments on Various Forms of Demand Management (continued)

- Congestion Pricing
 - Interactive/Dynamic Process
 - Efficient Allocation
 - Who is the Seller
 - Application of Proceeds
 - Competition/Regional Access
 - Consumer Welfare

Comments on Various Forms of Demand Management (continued)

- Lotteries
 - Need Operating Limits
 - Immediately Controls Congestion
 - Random as Opposed to an Efficient Allocation
 - Who Conducts the Lottery
 - No Capacity Gain
 - Competition/Regional Access

Comments on Various Forms of Demand Management (continued)

- **Minimum Aircraft Size**
 - Iterative/Dynamic Process
 - Who Set the Minimum
 - Efficient Allocation
 - Enplanement Capacity Increases
 - Competition/Regional Access