

1 List of policy changes that affect the aviation sector

The full list of 29 policy changes that are relevant to the aviation industry and consequently controlled for within this research. As mentioned in section ?? under Risk of Overlap, it is important to ensure that there is no overlap between event and estimation periods to get an index of normal market behavior.

Note that this list does not include the individual announcements for each policy change. Appendix ?? contains the list of announcements that are used in this research for the event study and GARCH calculations.

Table 1: List of policy changes

Policy change		Date	ELI	Reasoning
Commission Delegated Regulation (EU) 2024/873		04.04.24	Link	Announcing transitional Union-wide rules for harmonised free allocation of emission allowances: the benchmarks that will be used, the reduction factor for the number of free allowances each year.
Commission Decision (EU) 2023/2440		31.10.23	Link	The announcement of the total number of allowances available for the aviation industry for 2024. No free allowances. Directive (EU) 2023/958 made it the number of allowances industry-specific.
Commission Implementing Regulation (EU) 2023/2122		18.10.23	Link	Repeals Commission Regulation (EU) No 601/2012. Adding to Commission Implementing Regulation (EU) 2018/2067.
Regulation (EU) 2023/2405		11.10.23	Link	Sets the minimum usage of SAF in 2025 at 2%.
Directive (EU) 2023/958		25.04.23	Link	Extending the derogation that excludes flights that did not have both airports located within the EEA from the EU ETS until 31.12.26. Amended the linear reduction value from 2.2% to 4.3% for 2024 to 2027. End of free allowances.

Table 1: List of policy changes (continued)

Policy change		Date	ELI	Reasoning
Decision (EU) 2023/852		28.03.23	Link	Amending Decision (EU) 2015/1814 to make the changes introduced by Directive (EU) 2018/410 permanent.
Decision (EU) 2022/591		29.03.22	Link	Establishing the focus of the 8th Environment Action Programme, which ultimately sets the Union's environmental agenda in terms of legislation until the next EAP.
Commission Delegated Regulation (EU) 2021/1416	Dele-	31.08.21	Link	Inclusion of flights originating from EEA to UK to the ETS (flights originating from the UK to EEA remain excluded).
Regulation (EU) 2021/1119	(EU)	28.06.21	Link	Amends Regulation (EU) 2018/1999. Legally binding objective of reaching climate neutrality in 2050.
Commission Implementing Decision (EU) 2021/927		09.06.21	Link	Announcement of the cross-sectoral correction factor, introduced by Delegated Regulation (EU) 2019/331, for 2021 to 2025. The cross-sectoral correction factor tackles the disparity between the available number of free allowances and the actual number of free allowances given.
Decision No 156/20/COL		15.04.21	Link	EFTA Surveillance Authority Decision adopting Guidelines on certain State aid measures POST 2021 in order to prevent State aid from distorting competition in the internal market and affecting trade between Member States in a way which is contrary to the common interest.
Commission Implementing Regulation (EU) 2021/447		15.03.21	Link	Revised benchmark values for free allocation of emission allowances for the period from 2021 to 2025. Includes the aviation industry.

Table 1: List of policy changes (continued)

Policy change	Date	ELI	Reasoning
Commission Decision (EU) 2020/1722	18.11.20	Link	The announcement of the total number of allowances available for 2021 following Directive (EU) 2018/410 which increased the linear reduction rate from 1.74% to 2.2%.
Decision of the EEA Joint Committee No 112/2020	14.07.20	Link	Announcing a change in benchmark for the calculation of total emissions that arise from aviation, which affects the number of allowances of the aviation industry.
The European Green Deal	11.12.19	Link	The European Green Deal. Amongst others, setting a new target of a 90% reduction in transport emissions (which includes aviation) by 2050.
Commission Delegated Regulation (EU) 2019/331	27.02.19	Link	Announcing transitional Union-wide rules for harmonised free allocation of emission allowances: the benchmarks that will be used, the reduction factor for the number of free allowances each year.
Commission Implementing Regulation (EU) 2018/2067	31.12.18	Link	Setting out rules to check the emission reports submitted under the EU emissions trading system (EU ETS) and the accreditation of those checking operators' reports.
Regulation (EU) 2018/1999	04.12.18	Link	Repeals Regulation (EU) No 525/2013. Sets new standards for the reporting of emissions.

Table 1: List of policy changes (continued)

Policy change	Date	ELI	Reasoning
Directive (EU) 2018/410	27.02.18	Link	Amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments. Doubled the percentage rate for the number of allowances placed in reserve each year. Increased the linear reduction factor from 1.74% to 2.