

The challenge of domestic space heating

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Challenges and targets

- Real challenge for UK heating market is balancing carbon reduction with affordability
 - Legally binding carbon target: 80% reduction of CO₂ (on 1990 levels) by 2050
 - Need to be on a pathway to a 60% reduction by 2030, by the end of the fourth carbon budget in 2027
 - Political, scientific and legislative agendas at work to address climate change through carbon reduction
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Meeting the target

- Starting point is 80MtCO₂ - the direct emissions from residential heat in 1990
 - The HHIC Pathways for Domestic Heat report suggests that to stay on the pathway we need to reach 50.2MtCO₂ by 2027 - taking the right steps today to meet 2050 targets
 - Three options considered, but ‘balanced mix’ offers most benefits, and gets close to targets
 - Combination of technologies, including gas boilers
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The balanced mix of technologies requires

- A potential reduction in solely gas boilers to from 1.5m to 1.2m units per annum
 - Gas boilers as only part of the technology solution - 'boiler plus' or hybrid would be 70% of the boiler market by 2027
 - District heat networks a reality and part of the mix
 - ASHP and MCHP with strong performance beyond niche markets
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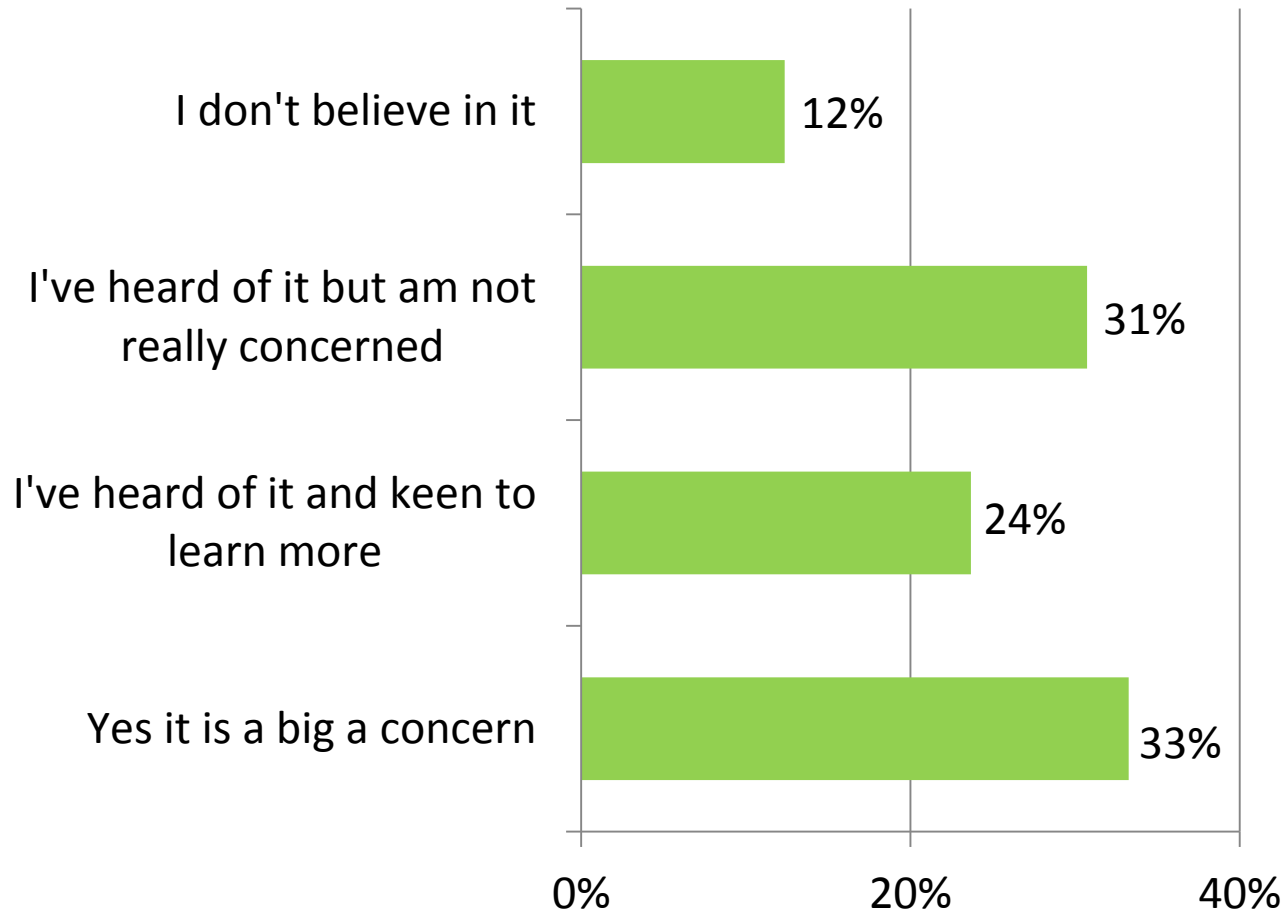
The balanced mix approach

- Post 2030 there would be a greater roll-out of low carbon technologies
 - Balanced mix approach provides flexibility, choice, reduced impact on the grid and time to adapt
 - A number of options will be open for as long as possible
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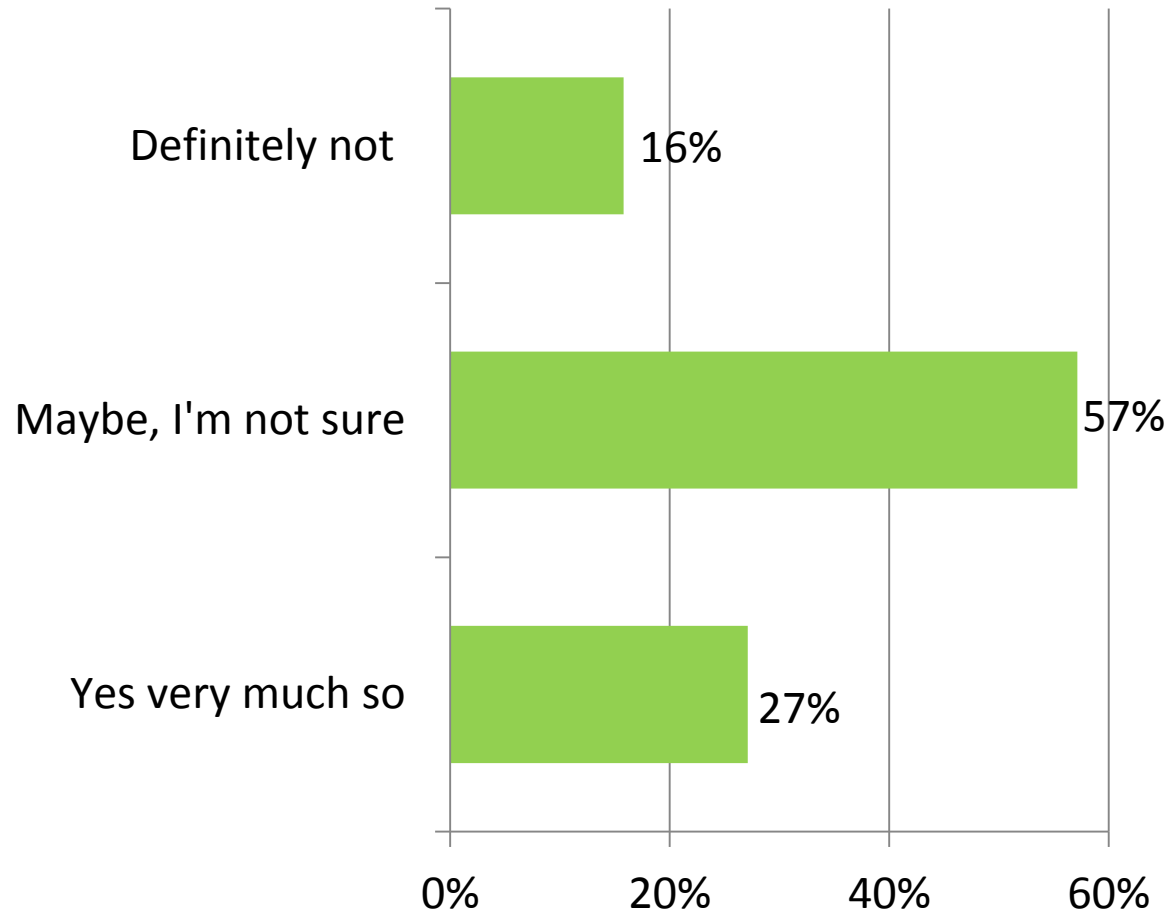
What are the implications?

- However, there are challenges and risks - the biggest will be moving people away from the gas boiler
 - Lowest cost wins
 - New, low carbon technologies are costly (in terms of initial outlay and running costs), and are challenging to fit into UK properties
 - Some carrots and sticks will be required
 - Need to consider the choices real people make.....
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Concerns about climate change



Would the threat of climate change encourage people to make changes in their home?



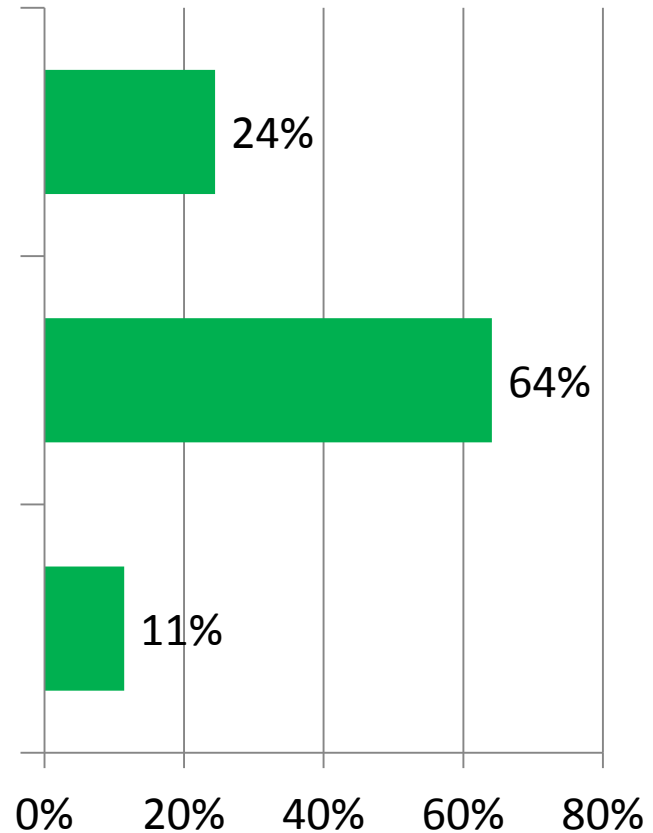
The digital revolution?



Maybe

No

Yes



The real challenge



- 1.6 million boilers installed each year
- Average lifetime of a boiler is 12 years
- The majority of boilers installed today will still be in operation in 2027 - we need a more serious plan of action

The challenge of domestic space heating

- Development of new, renewable, low carbon solutions
 - Significant changes in technology are required - manufacturers need incentives, consistency and confidence
 - We need a more serious plan for **carrots** and sticks
 - Practical solutions required for real life.....
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Thank you
