

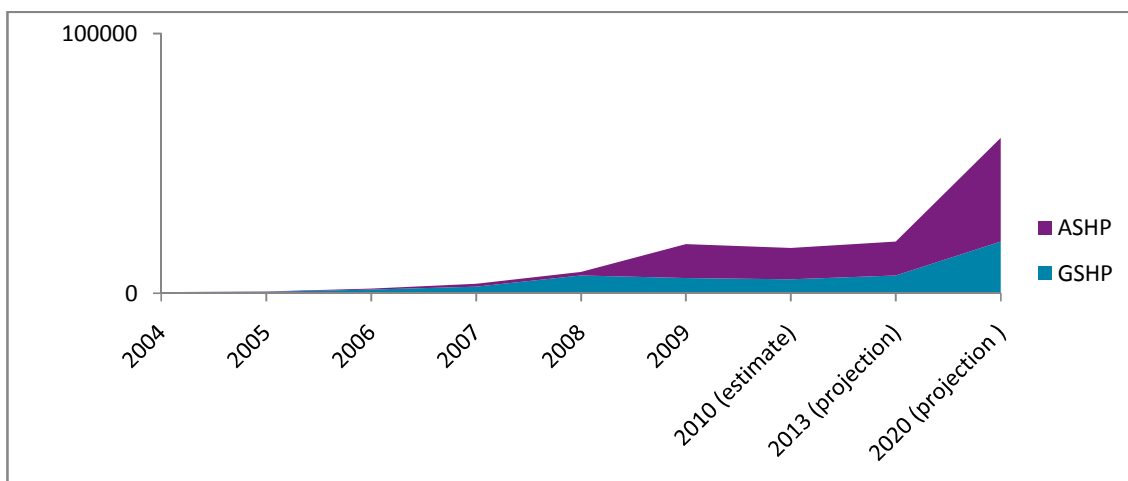
## The UK heat pump market could increase 5-fold by 2020: Are new market players positioned to take the largest share?

Delta's research team assessed the current and projected size of the UK heat pump market, and analysed the key players that are driving this market – today and in the future.

- ▶ **KEY MESSAGE 1:** The UK heat pump market is poised for large-scale growth – particularly for ASHPs - but growth rates will be sensitive to the level of RHI support.
- ▶ **KEY MESSAGE 2:** The current UK heat pump market is led by installers, but utilities are beginning to gain a foothold in the market.

### Key Message 1: The UK heat pump market is poised for large-scale growth – particularly for ASHPs - but growth rates will be sensitive to the level of RHI support

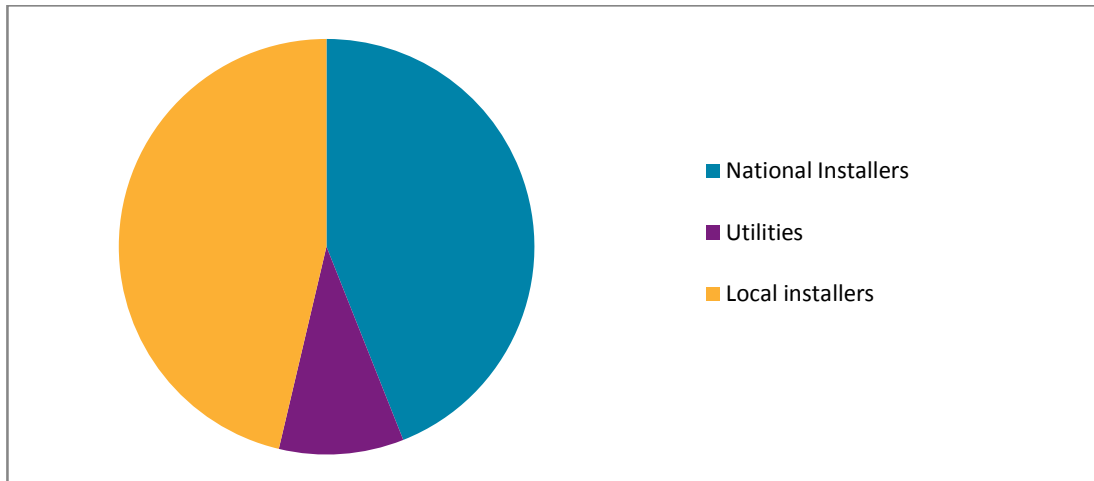
The GSHP market has grown steadily but slowly over the last 5 years, and in the last 2-3 years, has been rapidly over-taken by ASHPs. By 2020, we expect the balance between ASHP to GSHP to be around a third GSHP / two thirds ASHP. Delta's view is that (with an RHI at the initially proposed 7.5p / kWh) the market could grow significantly, as heat pumps become a very strong alternative to oil, and even competitive to gas in some cases. The lower cost and easier installation of ASHPs, combined with the emergence of high performance and well-marketed ASHPs all contribute to ASHP's likely future dominance. A reduced rate for the RHI – and further delays to its implementation in the domestic sector - could restrict the market to new build and off-gas grid applications.



Source: Delta Energy and Environment, 2010

## Key Message 2: The current UK heat pump market is led by installers, but utilities are beginning to gain a foothold in the market

National installers dominate the UK heat pump market today, with the top two commanding one third of the heat pump market between them. The remainder of the market is occupied by many smaller installers, and a few new entrants including EDF Energy, E.On UK and Centrica. These are ramping up their activities and we expect them to take a much larger share of the market in the short-medium term. This figure represents the total installations for each type of player.



Source: Delta Energy and Environment, 2010

Delta's deep research and insight into the UK heat pump market provides market intelligence for a variety of industry players, supporting them in a number of ways:

Manufacturers	Policy makers & Investors	Utilities
<ul style="list-style-type: none"><li>▶ Supports strategic development and tactical decisions</li><li>▶ Identifies opportunities for product deployment</li><li>▶ Identifies latest technology trends &amp; developments</li></ul>	<ul style="list-style-type: none"><li>▶ Informs policy maker decisions and policy development</li><li>▶ Informs investment decisions</li></ul>	<ul style="list-style-type: none"><li>▶ Informs market strategy</li><li>▶ Supports technology selection and partnering decisions</li><li>▶ Aids development of customer propositions</li></ul>

Delta Energy & Environment is an independent research and consulting company specialising in decentralised energy & low carbon strategies.

Delta supports a range of clients in the UK and Europe with heat pump and wider microgeneration market intelligence including E.ON UK, EDF Energy, Bosch and Vaillant.

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