

New analysis ranks heat pump policies in European countries

(Spoiler - none are good enough)



Europe’s transition to sustainable heating is stalling as heat pump sales collapse, risking European competitiveness and the 170,000 jobs in the sector. But a new report finds governments can reverse the decline by improving heat pump policies, which would also unlock climate benefits and pave the way to lower household energy bills.

The European Heat Pump Subsidies Ranking by the Reform Institute, a Polish cross-sector think tank, finds that none of the major European heating markets are doing enough to tackle the massive drop in sales: [a 47% fall](#) in the first half of 2024 compared to the same period last year.

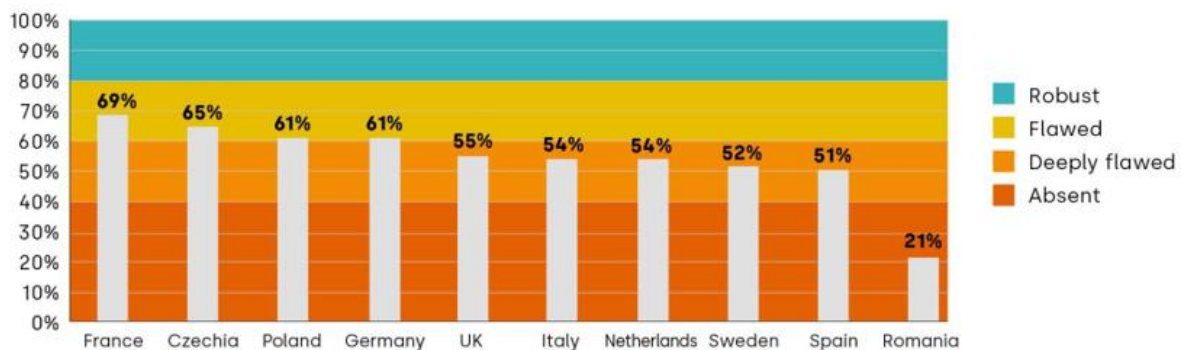
Targets at risk

The sales slump means the EU could miss its 2030 target for 60 million heat pumps by as much as 15 million heat pumps if current trends continue.

“What is at stake is avoiding emission of around 45 million tonnes of CO2 annually. This is equivalent to the emissions of Denmark, or three Ryanair-sized airlines. This means that one-tenth of the emission cuts still needed to reach the 55% target set for 2030 won’t materialise”, says Aleksander Śniegocki, the Reform Institute CEO and the ranking’s co-author.¹

No role model to follow

European Heat Pump Policies Ranking – country scores



Source: Reform Institute

Among the 10 countries surveyed, none were found to have “robust” heat pump policies. France leads the ranking with just 69%, but its heat pump market has stagnated since 2023. Czechia follows in

¹ EU emissions are now down 32,5% from the benchmark year of 1990. 45 megatons of emissions is 2.3% of the annual EU emissions projected for 2030.

second place with 65%, while Poland and Germany are tied third place (ex aequo), with 61%. The cohort of followers, including the UK, Italy, the Netherlands, Sweden, and Spain, struggles with insufficient or inadequate policies, particularly in liquidity safeguards and ensuring quality control. These issues are compounded by a lack of policies tailored to the specific needs and maturity of each market.

For example, in the UK's emerging heat pump market, simple rules and generous subsidies have driven growth, but operational savings and quality control remain challenges. Meanwhile, Sweden, with over 90% market saturation of heat pumps, faces difficulties eliminating the remaining 50,000 oil boilers due to the lack of targeted support. Romania ranks lowest, with 21%, reflecting the weakest policy framework, despite having similar potential to countries like Poland and Czechia.

Seven “deadly sins” of policy practices

The policy mistakes identified are strikingly similar across the countries surveyed. These are:

- ◆ Long subsidy payment delays for households
- ◆ High electricity prices compared to gas
- ◆ Poor outreach to vulnerable households
- ◆ Lack of loans to pay for costs not covered by subsidies
- ◆ Complicated subsidy application processes
- ◆ Subsidies not linked to household income, meaning low-income households are not reached
- ◆ Lack of heat pump certification, meaning low-quality heat pumps could spread

“Failing to correct critical policy errors risks deepening inequality and social dissatisfaction. We must ensure heat pumps benefit all households, or we will worsen energy poverty and leave those who need most help behind”, Śniegocki says.

Maintaining Europe's global market lead

“Heat pump manufacturing is one of the few clean tech areas where Europe is currently a global leader - with 73 percent of demand covered by domestic production and additional investments that put Europe on the path to self-sufficiency. However, policy failures will prolong Europe's exposure to the risk of volatile gas prices and severely undermine our competitiveness”, says Maria Niewiata-Rej, an analyst with the Reform Institute and co-author of the ranking.

At the EU level, the Institute underscores the need to adopt the Heat Pump Action Plan to stimulate national policies, bring the 60 million heat pump target back within reach and deliver on the new European Commission's objectives to reduce energy prices.

Read the full report for additional recommendations, including those specific to each country covered.

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