

Boost for innovative heat pump projects to drive cleaner heating

- More than £15 million awarded by government across 24 innovation projects to make low carbon heating like heat pumps cheaper and easier to install
- accelerating heat pump rollout will help households move away from using costly fossil fuels and supports target of installing 600,000 heat pumps a year by 2028
- funding will create more than 300 jobs and comes alongside government's Boiler Upgrade Scheme which provides grants of £5000 towards cost of installing a heat pump

Innovations to make heat pumps cheaper and easier to install have been backed by more than £15 million in government funding, helping accelerate the UK's move away from fossil fuels.

The funding is part of the government's £60 million Heat Pump Ready programme, which is developing innovative solutions for reducing barriers to the rollout of low carbon technology in homes and businesses across the UK.

A total of 24 projects in England and Scotland have won funding in the second round of the Heat Pump Ready programme.

This funding comes alongside the government's £450 million Boiler Upgrade Scheme, that provides £5,000 grants to homeowners towards the cost of a heat pump, and a zero rate of VAT for installing clean heating measures and will make it an even more affordable option for people looking to replace a gas or oil boiler in their property.

Heat pumps are already a proven technology that is much more efficient than traditional fossil fuel boilers and provide a reliable, low carbon heating solution for households.

Business and Energy Minister Lord Callanan said:

In light of rising global gas and oil prices, getting low-carbon heating technology into homes is a priority for this government as it will help households ditch the costly fossil fuels that are driving up bills.

Heat pumps are a proven, reliable technology that uses cheaper renewable energy produced in the UK. We are already bringing costs down through the Boiler Upgrade Scheme and slashing VAT to zero, but by finding innovative ways to make them even cheaper and easier to install, we will help more homes see the benefits even quicker.

The key objectives of Heat Pump Ready are to reduce costs and increase the performance of domestic heat pumps, minimise disruption in homes during the process of heat pump installation and develop financial models that support an increase in heat pump deployment.

Innovation support is one part of the government's strategy to help bring low-carbon heating technology to the mass-market and supports the target of installing 600,000 heat pumps a year by 2028.

Industry estimates that the UK heat pump market grew nearly 50% last year and along with the Boiler Upgrade Scheme, Heat Pump Ready is part of a wider package of policies the government is introducing to scale up deployment and support industry to reduce the costs of heat pumps.

Projects being supported by this stream 2 funding include one in Harrogate in North Yorkshire that is using data from smart meters to help optimise the running of a heat pump in a household energy system, a scheme in Truro in Cornwall that is looking to develop efficient and ecological refrigerants that are used in heat pumps and a project in Thame in Oxfordshire looking at ways to reduce the costs of installing and running a heat pump.

The £15 million stream 2 funding supports 37 small and medium enterprises across the 24 projects in England and Scotland, will support the creation of more than 300 jobs and will leverage £6.5 million of private investment.

Stream 2 of the Heat Pump Ready programme comes alongside streams 1 and 3. Stream 1 is providing over £2 million of funding across 11 projects developing feasibility studies for innovative ways to increase the deployment of domestic heat pumps within their local area. In their applications for Phase 1, project teams have estimated a potential cost reduction of at least 20% could be achieved through coordinated deployment.

Heat Pump Ready is part of the £1 billion Net Zero Innovation Portfolio (NZIP) and funding was announced in October 2021 alongside the Heat and Building Strategy.

As a result of the strategy and with help from projects receiving funding through the Heat Pump Ready programme, the government is confident that, as the market for low carbon heating grows, the cost of technology will fall rapidly. Working with industry, the government is aiming for heat pumps to cost the same as fossil fuel boilers to buy and run by 2030 at the latest with big reductions of at least 25-50% by 2025.

[The 24 projects receiving funding through Stream 2 of the Heat Pump Ready programme.](#)

[Stream 1](#) of Heat Pump Ready is providing over £2 million of funding across 11 projects in Newcastle, Sunderland, Leeds, Oxford, Greenwich, Bristol, Teignbridge, Fenland, Perth, Cherwell and Bridgend. These projects are working to develop feasibility studies for innovative ways to increase the deployment of domestic heat pumps within their local area. Projects will then use their project findings to apply for up to £9 million for Stream 1, Phase

2, to trial the solutions they have developed.

[Stream 3](#) of Heat Pump Ready is providing up to £5 million of funding to support learning across the Heat Pump Ready Programme so evidence can be shared across participants and with external heat pump stakeholders. The £450 million [Boiler Upgrade Scheme](#) (BUS), which opened to voucher applications in May 2022, aims to incentivise people by offering grants of £5,000 toward the upfront cost of the installation of an air source heat pump, and £6,000 for a ground source heat pump.

The [government has launched an online service](#) to help households make informed choices on installing low carbon heating, including heat pumps, and upgrading the energy efficiency of their homes, as part of its 'Help to Heat' support.