

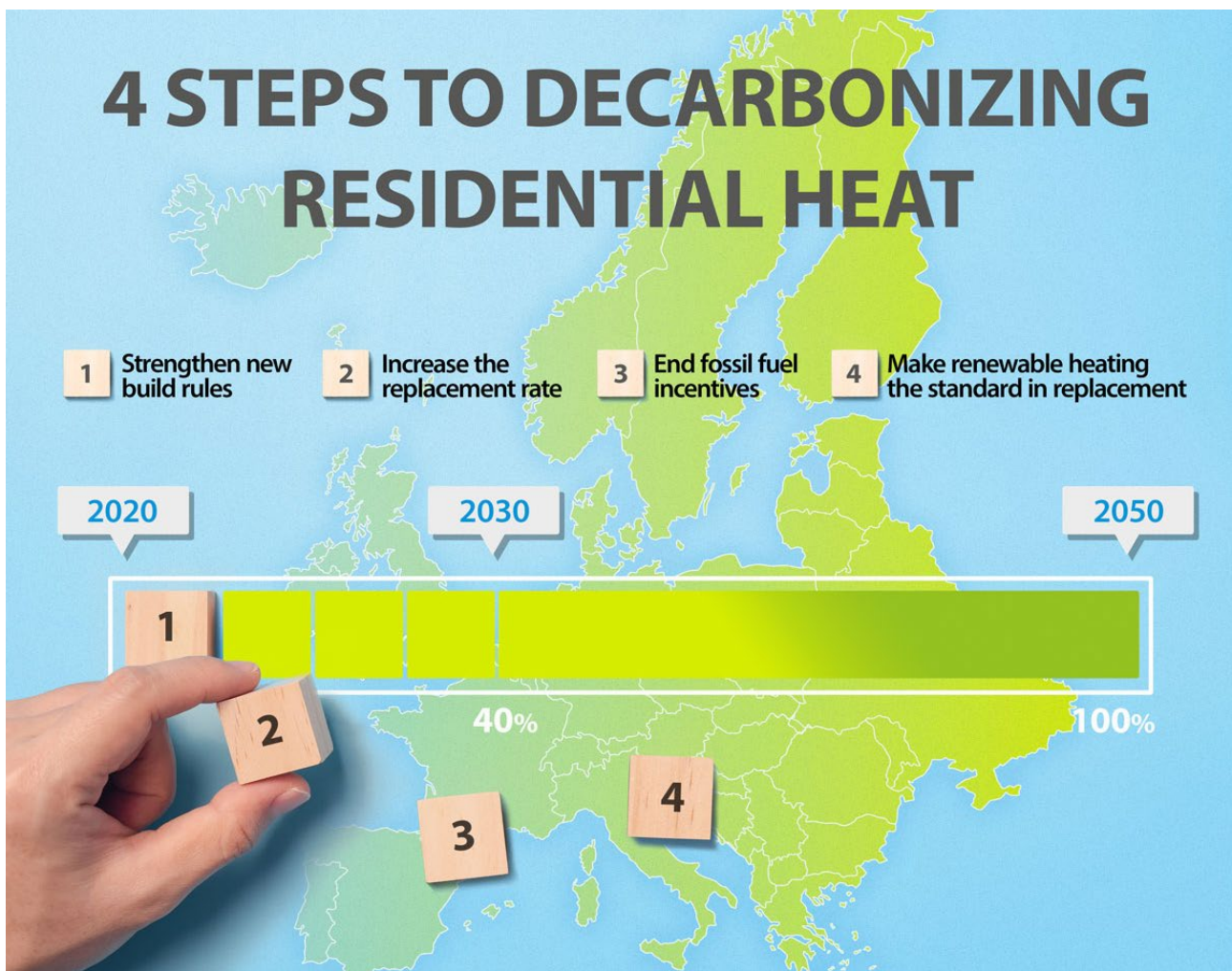
Fit for 55 package

– an action plan that fits perfectly with Daikin’s renewable heating operations

A greener Europe is one step closer. After having developed a strategy for a more sustainable Europe through the Green Deal, the European Union launches its implementation through the “Fit for 55” package. As one of the world’s largest CO₂ markets, the EU’s ‘Fit for 55’ package aims to set the EU on course to slash greenhouse gas emissions by 55% by 2030 and try to hit net zero emissions by 2050.

As the market leader in heat pumps, Daikin, who has committed to becoming a carbon-neutral company globally by 2050, not only supports this package, it has also anticipated it through the

disclosure of a 4 steps guide to make it successful and help decarbonize the heating sector. The “Fit for 55 package” is completely in line with this guide and shares the same objective: to make Europe greener, practically.



What is Fit for 55?

Announced on July 14 2021, “Fit for 55” is the European Commission’s ambitious plan to put the decarbonization strategy into practice and set the EU on course to slash greenhouse gas emissions by 55% by 2030. The directive maintains that a policy targeting higher energy efficiency and a switch from fossil-based heat supply to renewable sources is imperative.

Wide-ranging in scope, the Green Deal encompasses renewables, energy efficiency first, energy performance of buildings, land use, energy taxation, effort sharing and emissions trading. Heat pump technology will be instrumental in decarbonizing European homes as a viable option for new buildings and a replacement for fossil fuel boilers. To meet the new Green Deal’s objectives, Daikin has unveiled a 4-step guide to decarbonize homes and help ensure Europeans are trailblazers in climate action.

Patrick Crombez, General Manager Heating and Renewables at Daikin: “We welcome this “Fit for 55 package” with great enthusiasm. It allows the vision of the Green Deal to be clearly put into practice. With this breakthrough, Daikin sees its mission to make heat pumps accessible to all households strengthened.”



A perfect match

Fit for 55’s four objectives for the heat pump market and the 4 steps guide are logically interconnected. The package’s objective 3, which aims to guide citizens to efficient and renewable heating and cooling solutions for their buildings, is a direct continuation of the first step of the Daikin Guide which commits to enhanced new build rules on energy use. Moreover, increasing the “replacement rate” that is so important for the heating sector to be able to achieve decarbonization targets is also reflected in the Fit for 55 -package. The first objectives of the package tend towards incentivizing fossil fuel switching and encourage technologies that are both efficient and renewable and thus unlock the full potential of heat pump technologies.

Finally, the last steps of Daikin’s guide correspond to the last objectives of the European package: ending fossil fuel incentives by reviewing energy pricing which will also help to make renewable heating standard in replacement. “The match between our 4-step guide

and the new European package is perfect. This shows that beyond commitments and fine words, Daikin is fighting on the ground every day to improve the quality of life of its citizens while preserving the planet. We will continue to guide citizens and support heating installers, alongside the European Union, on the ground towards more sustainable heating solutions” concludes Patrick Crombez.

Daikin unveils the 4-step guide to decarbonizing our homes Daikin unveils the 4-step plan to transform residential heating and cooling for a greener Europe

The majority of residential housing is still heated with outdated systems, often using polluting fossil fuels such as coal and oil. As of today, the European building stock is responsible for approximately 36% of all CO₂ emissions in the EU. In some European countries, renewable heating via heat pumps has become the new standard in new builds, while the potential they offer calls for more exposure in replacement. This observation contrasts sharply with the raised EU goal of CO₂ emission cuts from 40% to 55 % by 2030 in the recently signed European Climate Law, which forms the basis for the Renovation Wave strategy [1].

Patrick Crombez, General Manager Heating and Renewables at Daikin: “A clear and accessible strategy for decarbonizing residential heat is needed and renewable technologies are playing an essential role in achieving the new targets, especially in the replacement market. Daikin has adopted the ambitious new targets and takes the lead with a 4-step guide to transform residential heating.”

The 4 steps to decarbonizing residential heat

The founding step of this new plan is to strengthen Energy Performance requirements for new buildings. Today, Daikin estimates that heat pumps already have up to 50% market share in new (single family) houses across Europe. Reinforcement of the current EP requirements must therefore be put in place, to make heat pumps the standard.

The second step is to increase the replacement rate. In order to achieve the objectives of the European Climate Law, the renovation rate must double from 1% to 2% by 2030. By increasing the replacement rate, old systems are being replaced by more energy-efficient ones, leading naturally to emission cuts. The next



challenge is therefore to motivate EU citizens to choose renewable solutions. This involves the need to explain on a wider scale that low carbon emitting heating systems, like heat pumps, are an efficient, cost-effective and established solution.

The third step consists of ending fossil fuel incentives. Policy makers should avoid incentives for fossil fuels. Currently, direct or indirect incentives benefit oil or gas-based boilers over heat pumps. They are made cheaper and more accessible, and that's why low carbon emitting technologies like heat pumps also need a level playing field. The gap between today's electricity and gas prices in many member states is too high to make heat pumps accessible for all EU citizens.

The final step is to make low carbon emitting heating the standard in replacement. Daikin believes that heat pumps are the best solution [2]. Heat pumps are increasingly capable of high efficiencies even at lower outdoor temperatures. They are therefore fit for any type of house or apartment. Using renewable energy

sources to heat your home reduces the consumption of polluting fossil fuels and CO₂ emissions.

Clear actions are needed

Daikin has set itself the ambition to become a carbon-neutral company on a global scale by 2050. These four steps are today the most effective method of decarbonizing residential heat and Daikin calls on all stakeholders to roll up their sleeves and join the movement.

As an industry leader in sustainable heating, Daikin is showing the way. *"At Daikin we're working on a daily basis to help making these 4 steps reality. Technology is in place, our investments support this. We are making sure our installer community is joining the movement. Heat pumps are the future in the replacement market and it is our duty to convince all stakeholders. All the signs are indicating that we need to act now. Words are no longer enough; clear actions are needed. This is the only way we can make Europe climate neutral by 2050,"* concludes Patrick Crombez. ■

References

[1] https://ec.europa.eu/energy/sites/ener/files/eu_renovation_wave_strategy.pdf

[2] This solution becomes even better as the carbon footprint of the connected electricity grid becomes zero, which is possible by the increasing production by PV and wind generation.