

## How **policymakers** can support:

### Ensure regulatory stability and timely implementation of ETS2

Following the energy crisis and policy measures to shift from imported fossil fuels, the heat pump sector invested **€7 billion to expand production capacity in Europe**.

Regulatory uncertainty risks jeopardising these investments.

### Accelerate heating decarbonisation to reduce impact on citizens

**Faster decarbonisation** of heating can lower ETS2 prices and ease costs for consumers. Member States should use available funds like the Recovery and Resilience Facility and Modernisation Fund to **invest in clean heat solutions**.

### Ringfence ETS2 revenues for clean heating and vulnerable households

Member States should use ETS2 revenues to **help citizens decarbonise their homes**. The **€87 billion Social Climate Fund** must be swiftly deployed to support vulnerable households and cut fossil fuel use.

### Align gas and electricity taxes for fairer electricity-to-gas prices

Switching from fossil fuels to **electric solutions** must become the **most competitive option**. Rebalance energy taxation and put a carbon price on fossil fuels used for heating buildings.

The European Heat Pump Association  
the voice of the heat pump sector in Brussels



[www.ehpa.org](http://www.ehpa.org) #HeatRight

## EU's carbon price on buildings can turbocharge switch to clean heat



Around **80%** of the energy consumed in EU homes is for heating and cooling.\*

\*Source: European Commission

### What's it all about?

- The EU's second Emissions Trading System will put a **price on carbon from buildings and transport** from 2027
- Carbon 'allowances' can be bought and sold, generating revenues. **One allowance = one tonne of CO<sub>2</sub> emitted**
- Projected revenue 2027-2032: **€342–570 billion\* for EU governments**
- This revenue can be used to **support the switch to clean heat**.

\*Source: Bruegel

## Why **heat pumps**?

**3-5x** more efficient than gas boilers.  
Source: International Energy Agency (IEA)

**25.5M** heat pumps currently installed in Europe **avoid 21 billion cubic metres of gas imports.**

Source: EHPA Market Report 2025



Up to **73%** of the heat pumps installed in Europe are made in Europe across **300+** manufacturing sites



The European heat pump sector provides

**433,000** direct and indirect jobs\*



\*Source: EHPA, EurObserv'ER

## What's the **Social Climate Fund**?

- Established alongside ETS2 to **support vulnerable citizens** during the transition to decarbonised heating and transport.
- The Social Climate Fund provides up to **€87 billion** — €65 billion from ETS2 auction revenues and the rest from mandatory Member State contributions.

\*Source: European Environmental Bureau and LCP Delta.

**65%**

**of energy-poor homes** in the EU could be **shielded from gas price shocks with a heat pump** subsidised through the Social Climate Fund.\*

