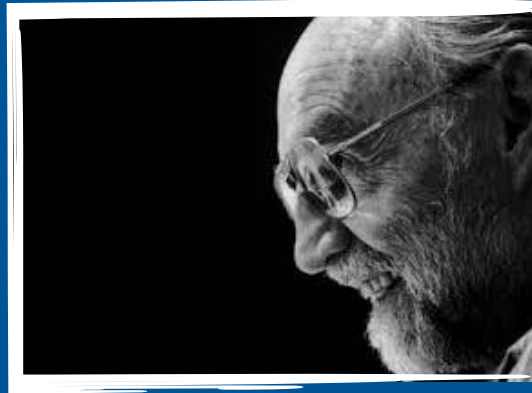


# 2020 and Beyond: Innovation and Growth

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Andrew Keating

CELEBRATING  
**150**  
YEARS OF BAXI



**Philip Baxendale,**  
former Baxi Chairman, said in 1983

**“We see ourselves as custodians of the business and we want to pass it on stronger than it was when we went into it.”**

**Baxi still believes this today**

# Who are we?

**BAXI**

BAXI

**BAXI**

**BAXI**

CUSTOMER SUPPORT

**BAXI**

GENUINE PARTS

**POTTERTON**

HEATRAE SADIA

**HEATRAE**SADIA

SMARTER | CLEANER | WARMER



COMMERCIAL

**remeha**

commercial



SENERTEC

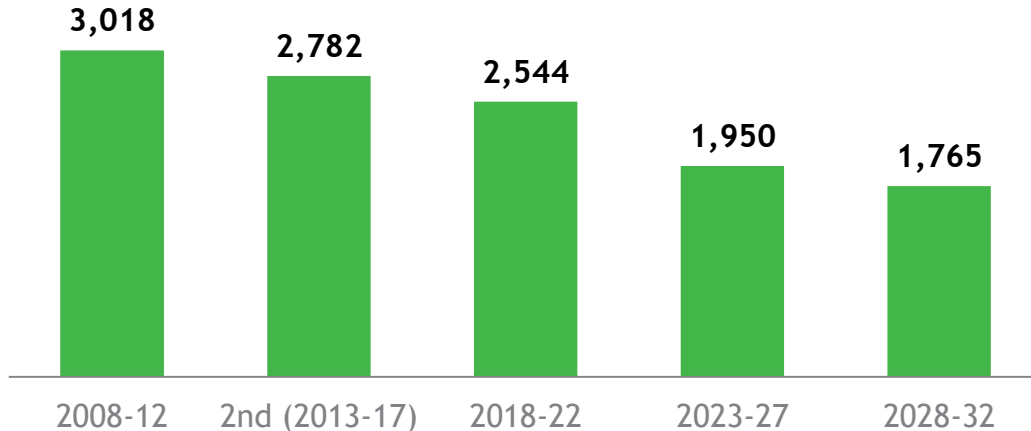
**POTTERTON**

COMMERCIAL

# Energy innovation matters for society

Climate Change Act requires the UK to reduce GHG emissions by 80%  
(compared to 1990 levels) in 2050

## Annual Emissions under Carbon Budgets (MtCO<sub>2</sub>e)



Source:

CCC, 2015. [The Fifth Carbon Budget](#)  
CCC, 2016. [Carbon Budgets and Targets](#)

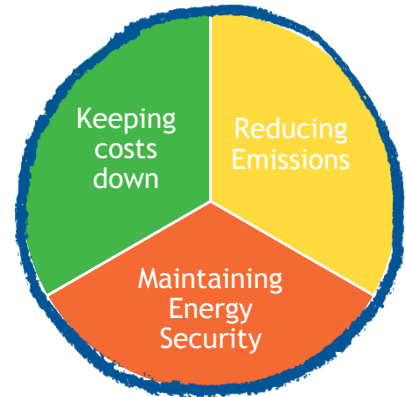
# It also matters for policymakers **BAXI**



“Nowhere in the energy system is the need for innovation more acute than in how we use heat to keep warm in our homes and for industrial processes.”

“Heat accounts for around 45% of our energy consumption and a third of all carbon emissions. Progress to date has been slower here than in other parts of our economy ... We need a long-term plan that will work and keeps down costs for consumers.”

Amber Rudd Secretary of State



# But not for individuals

**BAXI**

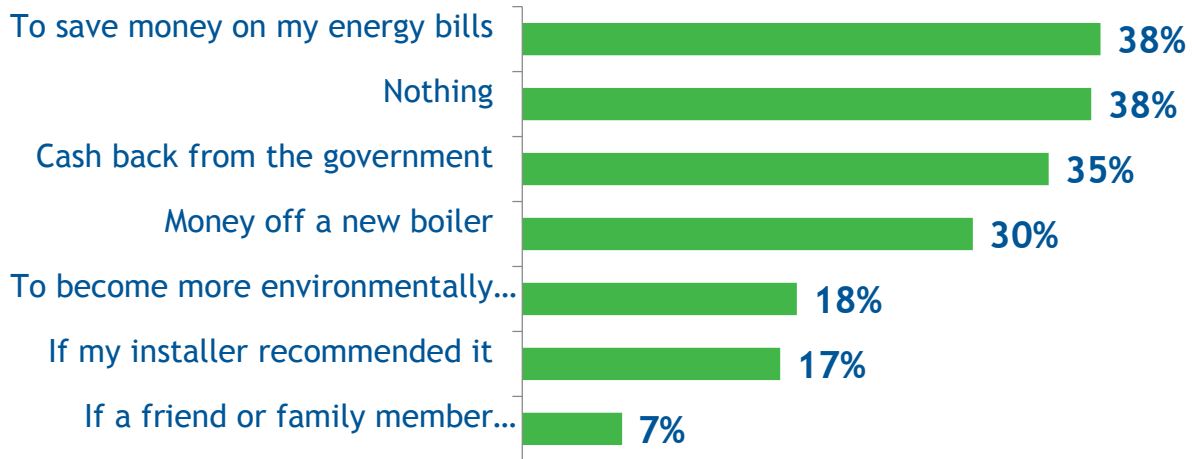
- Make it easy
  - Innovative technologies need to be easy to understand, operate and compare to current
- Behavioural psychology as important as technology
  - “Keeping my home warm for as little cost as possible”



**BAXI**  
Make it easy

# Motivations for boiler replacement before breakdown

**BAXI**

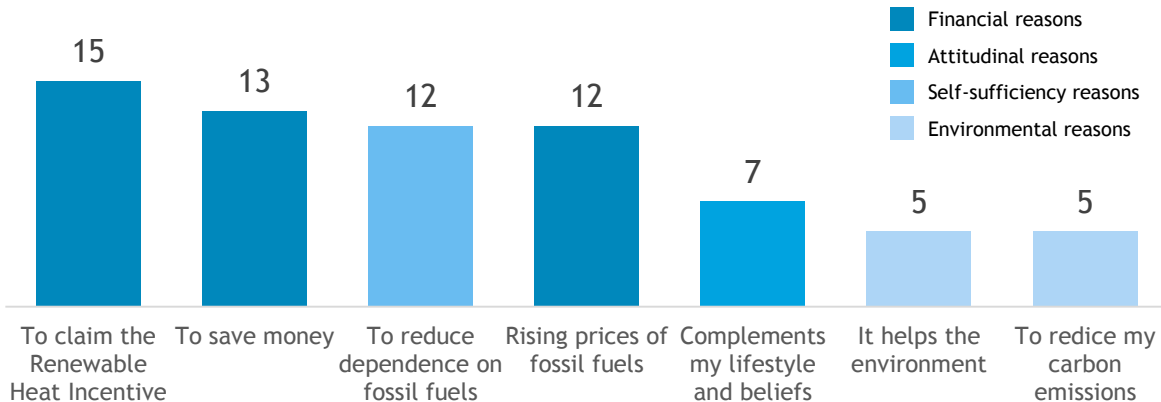


# Motivations for low carbon heating

## The Renewable Heat Incentive Experience

- The ability to claim the RHI was the most common reason to choose a renewable solution over a conventional system
- 45% of dRHI applicants cited financial motivations
- Environmental concerns were highlighted by 10% of the sample

## What was the main reason you decided to install a renewable heat technology rather than a conventional heating system in your home? (%)





# Innovation - Good ideas made useful

**BAXI**



**150 VISION AWARD FOR  
INNOVATION**

# An update to the plan is required

Markets for low-carbon heating systems must develop significantly in the 2020s

By 2050 buildings need to be virtually zero carbon yet 80% of housing stock has already been constructed

Heat Strategy published in 2013 - but progress has been slow



# Smart revolution could help us

**BAXI**

By 2020, the Government aims to roll out smart meters to 30m homes and smaller businesses

Connected technology already here with Smart Thermostats and other devices

Access to data and integration of systems will be key

Could provide a gateway/encourage greater openness to new tech by consumers

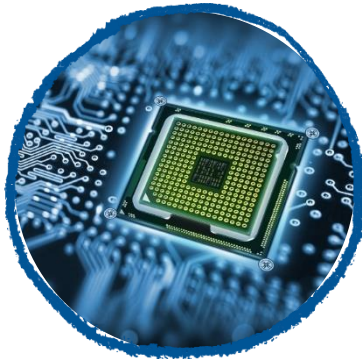


**£10.9**  
Billion  
Cost for  
installatio  
n

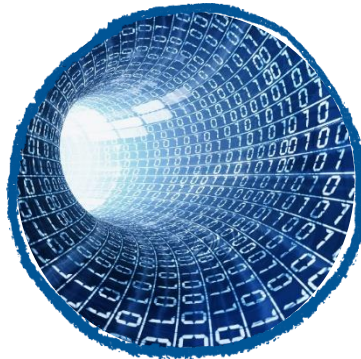
**£17.1**  
Billion  
Benefits

# 2020 enabling smart

**BAXI**



Moore's  
Law



Unlimited  
bandwidth



Internet  
of Things

# Immediate opportunities in the residential sector

- Nearly 12 million non-condensing boilers still in operation
- Less than half of households in the UK have full control over their heating system
- Subsidy schemes have been significantly curtailed
- Fresh ideas must be developed, costed and promoted to encourage further policy activity supporting deployment
- Clear long-term direction could incentivise investment in innovation
- Intervention Points

Energy Supplier  
Switching

Change of  
Property  
Tenure/EPC  
production

Boiler Repair or  
Service

Smart Meter  
Installation

Council Tax and  
Stamp Duty

# Decarbonising gas is an innovation challenge

- Government should make a long-term plan and stick to it
- Govt. and Industry should make it easy for the user
- Companies such as Baxi must make it Easy for the Supply chain



**BAXI**

Thank you

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