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Luxembourg: Employers' obligation to improve energy efficiency

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Luxembourg

Phase:

Anticipation

Type:

Employers' obligation to improve energy efficiency

Last modified: 10 December, 2021

Native name:

Organisation du marché de l'électricité et du gaz naturel au Luxembourg

English name:

Organisation of the electricity and natural gaz market in Luxembourg

Description

Related to the transposition of the EU directive 2012/27/UE, the government has introduced and consecutively modified the legal framework as regards the organisation of the electricity and natural gas markets in Luxembourg.

- The organisation of the electricity market (Loi électricité)

The organisation of the electricity market in Luxembourg is embedded in a 2007 legal framework which was modified by a 2015 law and more recently by the implementation of a new law in June 2021 (Loi du 3 juin 2021 portant modification: 1° de la loi modifiée du 1er août 2007 relative à l'organisation du marché de l'électricité ;2° de la loi modifiée du 1er août 2007 relative à l'organisation du marché du gaz naturel).

According to the legal framework in place, the organisation of the energy market is based on a strict separation between regulated activities (infrastructure management) and unregulated activities such as production, sale and purchase, which have remained open to competition. Access to the networks has been since 2007 organised and supervised by a regulator, the Luxembourg Institute of Regulation (ILR). This independent body approves network access tariffs. The regulator's task is to guarantee non-discrimination, effective competition and the efficient organisation of the markets.

- The organisation of the natural gas market

The organisation of the natural gas market in Luxembourg has been organised by a 2007 legal framework. It has consecutively been adapted by laws in 2012 and 2015, and more recently in June 2021 (see above).

The 2021 law modifying the existing legal framework is based on the EU Directive 2018/2002 / EU related to energy efficiency and which imposes on EU Member States a new cumulative energy savings target at the end-use stage for the entire 2021-2030 obligation period, equivalent to new annual savings of at least 0, 8% of final energy consumption. Luxembourg has set the objective of final energy savings of between 1.2 and 1.5% per year for all sectors as part of the Integrated national energy and climate plan (PNEC) for the period 2021 to 2030, voted by the government in May 2020. The legal framework stipulates that electricity and gas suppliers in Luxembourg encourage consumers to reduce their energy consumption by carrying out energy efficiency measures, such as for example the energetic renovation of hours or measures implemented at company level.

During the current COVID-19, the government has enforced a temporary legal framework related to the electricity and natural gas market. The law of April 18, 2020 related to temporary measures in the electricity and natural gas sectors focuses on the following measures:

- the validity of the term of designation of the supplier may be extended by decision of the Luxembourg Institute of Regulation for a period of up to six months after the end of the crisis;
- the deadline of December 31, 2020 to prove the installation of smart meters to at least 90% of end customers connected to the networks of network operators is postponed to December 31, 2021.

Comments

The recent partly reorganisation of the organisation of the electricity and natural gaz markets in Luxembourg has been fuelled by EU efforts to reduce energy consumption in the context of the Paris climate goals. The new legal framework should encourage companies and citizens to continue investing into green technologies with the objective to meet climate objectives in the medium run.

Cost covered by

Companies
Employee
Employer
National government

Involved actors other than national government

Other


Involvement others

National government, National Institute of Regulation

Thresholds

No, applicable in all circumstances

Sources

-  [Institut national de la Régulation, legislation \(electricity and natural gaz\)](#)
-  [Ministry of the Environment, PNEC](#)
-  [Annual report \(2021\), Ministry of Energy](#)
-  [Institut national de la Régulation, legislation \(electricity and natural gaz\)](#)

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