



Association des Banques et Banquiers, Luxembourg
The Luxembourg Bankers' Association
Luxemburger Bankenvereinigung

Energy savings: WHY BOTHER?

Why do we need to save energy?

Russia's escalation of the military conflict in Ukraine in February 2022 plunged energy markets into turmoil. Russian fossil fuel exports to Europe were severed in retaliation to the sanction packages adopted by the European Union. Member states were forced to find alternative suppliers to build up sufficient gas reserves by the winter, and energy prices skyrocketed.

Until recently, several developed countries were using natural gas as a transition energy while switching from more polluting fossil fuels, like coal and petrol, to renewable energy sources. Steady and reliable natural gas imports from Russia formed the backbone for this strategy. These are no longer an option.

The **International Energy Agency** estimates that a complete cut-off of gas supplies from Russia in 2023 would create an energy supply-demand gap of 15% in Europe. In September 2022, the Luxembourg government launched a **national campaign** to save energy and called for all consumers and businesses to participate. The Luxembourg Bankers' Association (ABBL) supports the government's initiative and urges its members to implement energy savings policies based on our own recommendations.

Aren't these policies just an excuse to justify cost savings?

No. Energy-related expenditures are generally insignificant for Luxembourg banks, ranging between 0.3% and 1% of their overall expenses.

However, the banking sector is one of Luxembourg's largest economic industries. As such, it is our duty to contribute to the national and European collective effort to save on our energy consumptions. By doing so, we may keep energy prices as low as possible and ensure that financially vulnerable actors of the economy are able to meet their energy needs.

What does the ABBL recommend?

Our dedicated Energy Task Force has elaborated **guidelines** based on recommendations issued by national and international agencies. They include, for instance:



Adapting indoor temperatures whilst complying with legally required thresholds



Reducing lighting to a minimum



Ensuring electronic equipment are turned off after use

These measures are small and simple steps, but they enable considerable energy savings and consumption control, especially when all actors of the economy join in on these efforts. Turning the thermostat down by 1°C alone can reduce energy consumption for heating purposes by 7%.

Are these recommendations effective?

They are! The Ministry of Energy publishes monthly data on the energy savings achieved in Luxembourg. So far, the country has consistently outperformed its objective of reducing its consumption by 15%. At the European level, Luxembourg is even one of the better performing member states when it comes to saving energy.

Our collective efforts last winter have paid off, but the energy crisis is unfortunately here to stay. Energy prices will likely remain high throughout 2023 and beyond. Our best chance to come out of it is to reduce our reliance on natural gas and fossil fuels by switching to renewables as soon as possible. Until then, our sobriety efforts remain necessary.