Power sector opens way for private electricity imports from neighbors

Economy Desk

Iran has opened the way for private companies to import electricity from neighboring countries to meet their energy needs, the spokesman for Iran's power industry said on Sunday.

"Private companies can use this route to secure the electricity they need," Mostafa Rajabi Mashhadi told reporters, according to IRNA.

Coordination has been completed for electricity imports from Iran's northern neighbors, and under existing contracts with Turkmenistan and Armenia, Iran imports about 320 megawatts from Turkmenistan, equivalent to roughly 2 billion kilowatt-hours a year, and about 300 to 350 megawatts from Armenia's grid, said Rajabi Mashhadi, who serves as deputy energy minister.

He described electricity imports as an important step toward meeting the country's energy needs.

On electricity exports to Iraq and Iran's plans to serve as a regional energy transit hub, he said, "Due to restrictions imposed by sanctions, there are currently no electricity exports to Iraq."

"The Islamic Republic of Iran is fully prepared to resume cooperation if the restrictions arising from sanctions are lifted and, by using its transit capacity to access countries with surplus energy, play its role as a regional energy hub."


IRNA

Iran also was in negotiations with Turkey to secure electricity imports for its petrochemical industry after power plants serving the sector were damaged during the recent US-Israeli war.

Rajabi Mashhadi was in Turkey in July for preliminary talks on importing up to 450 megawatts of power through the Khoy-Van transmission line, according to remarks he made at the time.

The push for imports comes after power plants supplying electricity and steam to petrochemical complexes were targeted during the 40-day war that began in late February. Some ancillary facilities were directly hit, and production units at multiple companies were struck and taken out of production, according to previous statements by industry officials.

Already under Western sanctions for decades, Iran was experiencing energy shortages before the attacks, a situation exacerbated by the conflict that began in late February and the peak of the summer heat season.

Rajabi Mashhadi said large companies and industries, particularly petrochemical producers, can use new mechanisms to secure the electricity they need directly through imports from neighboring countries. He named Turkey, Azerbaijan and Turkmenistan as countries with which Iran has electricity supply contracts, adding that the approach would benefit industries while helping stabilize the country's power grid.

On Saturday, Rajabi Mashhadi also said managing Iran's power grid, which serves 42 million subscribers, was a complex task and reported unprecedented progress in power-generation infrastructure, including more than fourfold growth in renewable energy capacity under President Masoud Pezeshkian's administration, which began in August 2024.

"The capacity of renewable power plants, which stood at 1,250 megawatts before the administration, has now reached 6,000 megawatts, representing growth of more than four times," he said.

"In the thermal power sector, an unprecedented record was also set this year, with 3,000 megawatts of new capacity, including 2,450 megawatts from steam units and 500 megawatts from other units, added to the grid."

Energy Minister Abbas Aliabadi said earlier this month that Iran's installed power-generation capacity had reached 102,000 megawatts, an 8% increase.

"The installed capacity of the country's power plants has risen from 93,388 megawatts at the beginning of the government to 102,000 megawatts, an 8% increase," he said.

Iran's economic ties to Dubai hard to break despite war

Iranian merchants in Dubai's old markets say decades-old trade ties with southern Iran will survive after the United Arab Emirates suspended trade and financial ties with Tehran.

In the markets of old Dubai, saffron, cumin, pistachios and almonds from Iran still fill the stalls, as if the two shores of the Persian Gulf were not separated by war.

Last month, the UAE suspended trade and financial exchanges with Tehran, after it accused Iran of attacking UAE-linked vessels in the Persian Gulf.

But in old Dubai, where Iranian merchants are firmly established, they do not believe there will be a break in the ties forged over decades between the UAE's financial hub and southern Iran, AFP reported.

Since the start of the war, certain Iranian products have become scarcer, and others have seen their prices soar, says Morteza Asaadi, who runs the grocery store his father founded in 1963.

Most traditional foodstuffs, such as nuts or barberry – small red berries used in Persian cuisine – remain available, however.

"It's just coming. How? I don't know, but it's coming," he said.

Two wholesalers interviewed by AFP on condition of anonymity said they are still sourcing from Iran, notably via Omani ports.


AFP

"We can't export from the Emirates anymore, but we can still bring in certain goods," one of them said.

In Yasser's saffron shop, the precious spice arrives by air from Mashhad, in northeastern Iran, thanks to the resumption of air links after a brief interruption.

Dubai's Iranian community

Dubai is home to a large Iranian community, estimated at several hundred thousand people, which has contributed to the emirate's commercial development and weathered the various periods of tension with Tehran.

After the US tightened its sanctions against the Islamic republic in 2012, "those in Dubai managed to convince their partners in Abu Dhabi that the trade, regardless of the sanctions, needed to continue because it was contributing to the UAE economy," Mehran Haghirian of the London-based Bourse & Bazaar Foundation think tank told AFP.

In 2024, the UAE was the main entry point for goods into Iran, accounting for more than 30 percent of imports, worth $21 billion.

It was also Iran's third-largest customer, absorbing nearly 12 percent of its exports, worth more than $7 billion, according to the World Trade Organization.

Dubai is an important financial hub for Iranian businesses, with Washington accusing it of being a key node in financial networks used to circumvent sanctions.

As part of its policy of economic pressure on Iran, the US announced new measures at the end of August targeting Iran's trading partners, and sanctioned the director of the Dubai branch of Iran's Bank Melli.

The institution nonetheless continues to welcome clients.

"We've been under sanctions for years," sighs an employee at one of two branches in Dubai.

'Priorities change'

Abu Dhabi's announcement of the suspension of relations with Iran will not necessarily cut informal flows or exchanges between private actors, which are deeply rooted on both sides of the Persian Gulf.

In the long run, a lasting rupture could even weigh on Dubai's economy.

"It's difficult to just suddenly cut it off and not have an impact, leave a huge chunk. That chunk cannot easily be replaced," he stressed.

But at a conference in Dubai, Emirati businessman and former senior official in the emirate, Nasser al-Shaikh, downplayed these concerns, claiming that Iran is "no longer as important to the emirate's economy as it was a few years ago".

"The relationship was mutually beneficial," he conceded, but "in times of war, priorities change… National security comes first".

In his shop in Bur Dubai, Asaadi is convinced that trade will survive the current crisis.

"You see the water there?" he said, gesturing at the Persian Gulf separating the UAE from the coasts of southern Iran. "Water can break a mountain."

ECONOMIC LENS

New energy rivalry: Shift from fuels to chains


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OPINION
EXCLUSIVE

For decades, the world's energy editorials revolved around a simple question: will oil become expensive or cheap? Will OPEC cut production or raise it? But as 2026 approaches, these questions no longer explain the backbone of global energy developments. What is happening today is a deeper and quieter transformation: the world has moved from competition over "fuel" to competition over "chains."

The supply chain for critical minerals, the production chain for batteries and electrolyzers, the enrichment and nuclear fuel chain, and the transmission and storage chain for electricity. Any country that holds a key node in these chains retains the real trump card in the power equations of the twenty-first century.

The first sign of this shift can be seen in the struggle over critical minerals. Lithium, cobalt, nickel, graphite, and rare earth elements are no longer marginal commodities; they are key inputs for the energy transition. China, by dominating the refining of these materials—particularly in graphite and rare earth elements—effectively controls the gateway to the global battery industry. Europe and the United States, through legislation such as the Inflation Reduction Act and the Critical Raw Materials Act, are attempting to reduce this dependency, but building an alternative chain requires years and tens of billions of dollars in investment. The result is that, instead of competition over the price of oil, we are now witnessing competition over long-term lithium contracts and processing plants.

The second front is nuclear fuel. After the energy shock of 2022, many European countries that had once rapidly distanced themselves from nuclear energy have now returned to it. But this return comes with an important difference: Russia remains the world's largest provider of uranium enrichment services, and Europe and the United States are striving to rebuild their own enrichment capacity. At the same time, a new generation of small modular reactors has entered the scene—a technology that could shift the geography of electricity generation from gigantic power plants to cities and small factories. Competition over this technology is competition over influence in developing countries.

The third front is electricity itself. The world is rapidly electrifying: vehicles, heating, industries, and even artificial intelligence data centers. This growth in demand has turned transmission networks into a new bottleneck. Submarine cables, cross-border transmission lines, and storage batteries now carry as much geopolitical significance as oil pipelines. A country that can supply stable and cheap electricity attracts energy-intensive industries to itself and moves up the global value chain.

The fourth transformation is the emergence of "energy as a weapon" in a new form. Oil and gas sanctions are no longer one-dimensional tools. Today, exports of solar panels, wind turbines, batteries, and even grid management software can be subject to restrictions. China, by dominating the production of clean energy equipment, has the capacity to regulate the pace of energy transition in other parts of the world. In contrast, the United States and Europe are trying to strengthen domestic production through tariffs and subsidies. This techno-trade war raises the cost of energy transition in developing countries and deepens the North-South divide.

But perhaps the most important change is the change in actors. For half a century, OPEC and the International Energy Agency were the two main pillars of energy governance. Today, new actors have entered: technology companies that manufacture batteries and software, investment funds that invest in critical mines, and mineral-producing countries seeking a larger share of the value chain. Indonesia, with its ban on raw nickel exports, Chile, with the nationalization of part of its lithium, and Namibia, with restrictions on lithium exports, all demonstrate that the era of the "raw material exporter" is coming to an end. These countries want battery factories, not just mines.

In such a world, energy security no longer means possessing oil reserves; it means having diversity in the supply chain, refining capacity, battery technology, and a resilient electricity grid. A country that has only oil may, in the coming decade, be more vulnerable than a country that has graphite, lithium, and engineering capability. This shift is rewriting the map of global power.

Therefore, today's energy editorial should not focus solely on the price of a barrel and OPEC quotas. It must look at lithium mines in the Atacama Desert, battery factories in Shenzhen, enrichment centrifuges in Europe, and submarine cables in the Mediterranean. The world of energy has moved beyond competition over fuel and has arrived at competition over chains. Those who grasp this shift sooner will carry greater weight in tomorrow's equations. Those who remain in the oil paradigm may realize too late that the game has changed.