

FEATURE

Will the war against Iran encourage countries to accelerate their clean energy prospects?

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As tensions in the Middle East threaten global energy supplies and reignite concerns over the energy security, governments around the world may once again be forced to confront a familiar question: how dependent should they be on imported fossil fuels?

If history is any guide, the answer could accelerate investment in renewables, storage and other forms of domestic energy generation.

Vive la France - again?

In 1973, during another war in the Middle East, France decided to end its dependence on fossil fuels from the Gulf. It famously built out its nuclear energy supply in record time. Today, according to Simon Kuper in the Financial Times, [France's energy mix is approximately 67% nuclear, 15% renewable and just 1% gas](#).

History suggests that geopolitical shocks can accelerate energy transitions. The current conflict involving Iran may prove no different.

Oxford Economics has already identified Japan and South Korea as particularly exposed. [Both import more than 80% of the energy they consume](#), have energy-intensive industrial sectors and limited domestic energy resources. As island nations, they cannot easily rely on gas pipelines and must instead depend on imported fuel shipments. The situation is made more acute

by the fact that around 70% of their oil imports pass through the Strait of Hormuz.

The Renewable Institute has similarly suggested [that disruption to fossil fuel markets could ultimately benefit renewable energy](#). Solar and wind power offer countries the opportunity to reduce reliance on imported fuels and strengthen energy security. Think tanks including Ember and Agora Energiewende have argued that increased renewable capacity has already helped European countries weather recent energy crises more effectively.

The longer geopolitical instability persists, the greater the incentive to accelerate investment in domestic renewable energy generation.

That said, the timing is somewhat ironic given the UK's recent decision to halve its contribution to the world's largest dedicated climate fund. The reduction of more than £800 million has reinforced concerns that developed nations may be retreating from previous commitments to support developing countries in addressing climate change.

Has the intermittency argument finally been settled?

One of the most common criticisms of renewable energy has always been intermittency. Solar power does not generate electricity when

the sun is not shining, and wind power cannot operate without wind.

According to Francesco La Camera, Director-General of the International Renewable Energy Agency (IRENA), that argument is rapidly becoming outdated.

Speaking at the FT-Kathimerini Energy Transition Summit in Athens, shortly after IRENA published its report on “24/7 renewables”, La Camera argued that falling battery storage costs are transforming the economics of renewable energy systems. What was once viewed as a major limitation is becoming increasingly manageable through advances in energy storage technology.

The cost of utility-scale battery storage has fallen dramatically in recent years. BloombergNEF reports that costs have more than halved since 2022, with a further 27% reduction last year alone. Much of this decline has been driven by manufacturing efficiencies and technological advances among Chinese battery producers, including the widespread adoption of lower-cost lithium iron phosphate batteries.

As a result, IRENA argues that projects combining solar and wind generation with battery storage can now provide round-the-clock power at costs that compete directly with gas-fired generation.

Battery storage changes the equation

The first large-scale examples are already emerging.

The Al Dhafra project in Abu Dhabi is expected to begin full operations next year, combining 5GW of solar generation capacity with one of the world’s largest battery storage systems to provide a continuous 1GW power supply. For context, Great Britain’s peak electricity demand is approximately 46GW.

Meanwhile, Fortescue Metals Group plans to complete a fully self-contained fossil-fuel-free energy system for its Australian mining operations by 2028, powered by solar, wind and

battery storage supported by extensive transmission infrastructure.

Although few regions enjoy solar resources comparable to Abu Dhabi or Western Australia, IRENA believes renewable-plus-storage systems can increasingly provide reliable power at costs comparable to, or lower than, fossil-fueled alternatives.

Researchers at the University of California, Berkeley recently found that solar-plus-storage projects in India have reached a point where round-the-clock clean power can be delivered more cheaply than new coal-fired power stations. Nevertheless, India continues to develop coal generation as policymakers seek to maintain reliable baseload supply.

A tipping point for renewables?

Renewable energy systems are not perfect. It remains impossible to eliminate entirely the risk of prolonged periods of low wind or reduced sunlight. Achieving 100% supply coverage at every moment of every day would require significant additional storage capacity and investment.

However, according to IRENA, renewable-plus-storage systems can already provide reliable power more than 95% of the time at competitive costs in countries including China, India and Brazil.

This has important implications for power system design. Thermal generation may increasingly move from providing core baseload power to acting as backup capacity when renewable generation is insufficient.

The current tensions around the Strait of Hormuz reinforce another important point: fossil fuel systems face their own intermittency risks. Supply disruption, geopolitical instability and price volatility can all affect energy security in ways that renewable energy systems largely avoid.

Of course, battery deployment raises its own questions around supply chain resilience,

particularly given China's dominance in battery manufacturing. Furthermore, the perceived need for fossil-fueled baseload power remains deeply embedded in energy policy discussions. As Greek Prime Minister Kyriakos Mitsotakis recently remarked, "We need baseload power, not just in the immediate future, but in the foreseeable future."

Yet La Camera believes a tipping point has been reached.

"The competition now is not between fossil fuels and renewables," he argues. "It's about who is going faster towards renewables."

Looking ahead

History suggests that periods of geopolitical instability often accelerate energy innovation and investment. Whether the current

conflict ultimately has the same effect remains to be seen.

What is increasingly clear, however, is that renewable energy is no longer driven solely by climate policy. Energy security, resilience and economic competitiveness are becoming equally powerful drivers of change.

As governments seek to reduce exposure to geopolitical shocks and strengthen domestic energy systems, the transition towards cleaner energy sources may gather pace faster than many expect.

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