

Hamed Beheshti

Iran Renewable Energy Policy in the Context of Privatization Law and Elimination of Energy Subsidies

Despite the ongoing tragedy of the financial crisis, climate change has not been wiped from the global political agenda. Contrary to popular expectation, the question of how to combat climate change and create a low carbon economy through the alternative energies remains a top priority. Referring to the recent scientific warnings, global warming is proceeding at an even faster rate than predicted by the Intergovernmental Panel on Climate Change (IPCC). However, adequate political action in the local and within the regional and international levels is still largely absent. Governments and international players are supposed to launch a set of roadmaps to deal with such threat.

Renewable energy sources have been the iconic symbol of technological solution to cope with the current situation of global warming and every government tries to set its local policy to determine the renewable energy capacity within its territories. Establishment of International Renewable Energy Agency (IRENA) in 2009 has been the most important official international capacity building for renewable energy sources and the member states – either the south or the north countries – are expected to fulfill the political, industrial and financial agreements that come out of the agency.

Iran, as the eleventh emitter of CO₂ gases in the world (UNFCCC, GHG data from UNFCCC 2009) and as the most industrialized country in the Middle East is struggling hard with its energy sources in one hand and its heavily subsidized energy carriers on the other hand. Privatization policy in Iran is being processed despite all the difficulties. It is for years that there is a serious attempt to amend and eliminate energy subsidies, and referring to the new policy the major part of the subsidies are going to be eliminated within the coming five years. Renewable energy sources, particularly on the large scale, could play an important transitional role from the current pure public economy (state-run) to the free electricity market in Iran that the private sector plays the major role. A well defined and proper designed public-private partnership policy (top-down/bottom-up) is an essential for any act towards renewable energy sources in the free electricity market.

This study tries to explore what the scenario for renewable energy sources would be in Iran, in the context of the current privatization trend and the prospective elimination of energy subsidies.