Iran: accelerating the energy transition

The Iran conflict has disrupted global energy markets, suddenly sparking many questions about the energy transition. The price shock and supply risks have pushed clean energy to the centre of global strategy. What looked like a setback has clearly instead become a catalyst. **Joseph Jacobelli.**

The Iran war's disruption of fossil fuel supplies, including the threat to oil and gas shipments through the Strait of Hormuz, has exposed the fragility of a system still dependent on geopolitically vulnerable resources. Brent crude prices surged above $110 per barrel in early 2026, versus an average of just under $70 in 2025. LNG exports from Qatar faced curtailment after attacks on critical infrastructure, according to S&P Global. The disruptions are not merely a short-term shock. There are diverging views among experts on the magnitude of the conflict's impact on global energy markets, yet most agree the impact is significant. They are a reminder of the strategic risks tied to fossil fuel dependence.

Global decarbonisation and the energy transition were already advancing rapidly prior to the conflict. Clean energy investment hit a record $3.3 trillion in 2025, with two-thirds directed toward renewables, grids, and storage, according to the Internation Energy Agency (IEA). The conflict's most immediate economic impact is the sharp rise in fossil fuel prices, which strengthens the case for clean energy. Solar, wind, and battery storage are now cheaper than fossil fuel alternatives in over 90 per cent of new projects globally, reports the IEA's 2026 'World Energy Outlook'.

The cost of lithium-ion battery storage fell by about 30 per cent in 2025, year-on-year, to around $78/MWh, according to BloombergNEF, making renewable energy systems with storage increasingly viable for grid stability. For example, Europe's utility-scale battery storage deployments increased by about 45 per cent year-on-year in 2025, according to several reports published in early 2026, as governments and utilities sought to balance intermittent renewable generation.

Higher fossil fuel prices further improve the economics of renewables, which offer predictable, long-term costs once deployed. Corporations are responding by accelerating sustainability commitments: by early 2026, about 15 per cent of Fortune Global 500 companies had joined the RE100 initiative, pledging to source 100 per cent renewable electricity. This is part of a broader trend where nearly half (45 per cent) of the Fortune Global 500 have now set formal net zero targets, according to data from Climate Impact Partners. This represents an increase, despite significant political negativity in some jurisdictions, such as the United States.

Financing tools are now better equipped to support the green shift. Climate finance has evolved into a roughly $2 trillion annual market, driven by green bonds, sustainability-linked loans and public-private partnerships. The Green Climate Fund and multilateral development banks have mobilised private capital for large-scale renewable projects, particularly in emerging markets, though, admittedly, significant deployment gaps remain.

In 2026, global issuance of sustainable debt is projected to reach $900 billion, according to Moody's, reflecting steady investor demand for assets aligned with net zero goals. These financial innovations are critical to overcoming one of the transition's biggest challenges: securing affordable, long-term capital. The conflict's disruption of fossil fuel markets is likely to further incentivise investors to prioritise clean energy, which offers stable returns insulated from volatile commodity prices.

The conflict is pushing, and is likely to continue to push in the near-term, governments to accelerate renewable energy projects, cut fossil fuel subsidies and introduce carbon pricing. While some governments have slowed their climate action, public support for the shift is strong. A recent survey found that about 88 per cent of EU citizens want the bloc to do more on wind and solar, for example.

Looking at the EU's efforts, one can clearly find a positive trend. The EU's energy plan sets a binding target of 42.5 per cent renewables by 2030, with an ambition to reach 45 per cent. Solar capacity is on track to reach around 650 GW, slightly ahead of plan. Wind is more of a concern. Member states are currently tracking at around 450 GW against a 500 GW target, leaving a meaningful gap to close.

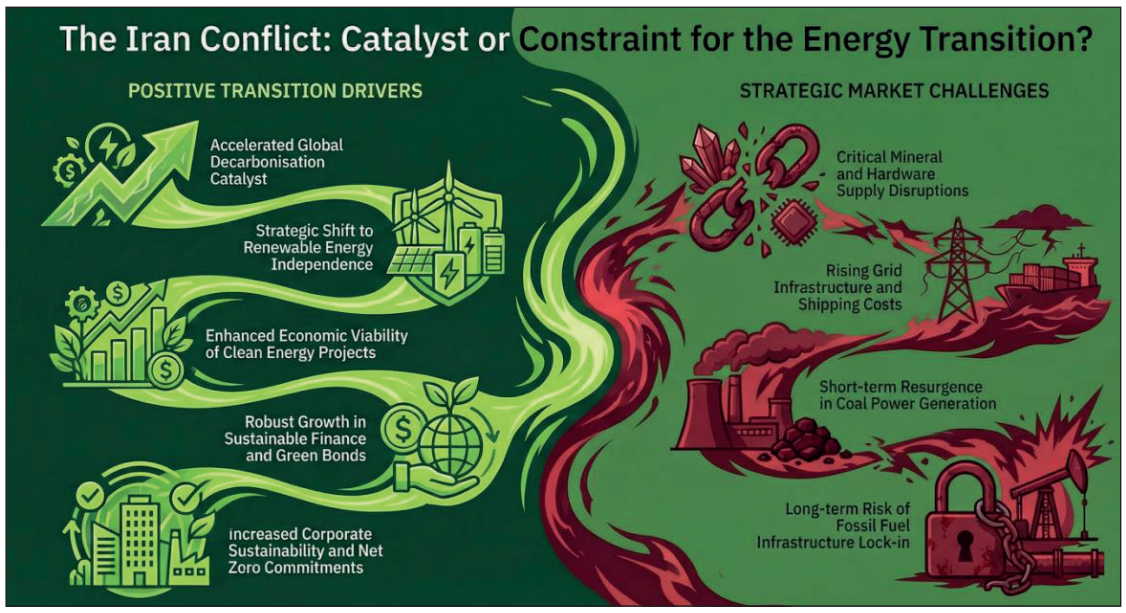
The positive trajectory is not without some bumps. There is a risk, for example, that some governments use the crisis as a pretext to build more fossil fuel infrastructure, locking in emissions for decades. Yet, faster planning approvals for renewables and tougher efficiency rules would help guard against this. So would a firmer commitment to ending fossil fuel subsidies. Nearly half of current EU subsidies have no scheduled end date, sitting in direct tension with the bloc's own climate targets.

Other challenges include supply chain disruptions, particularly for critical minerals such as lithium, cobalt and copper, which could delay clean energy projects, as demand for these materials outpaces supply and refining capacity remains concentrated in a few countries, according to BloombergNEF. While the conflict has increased shipping costs and insurance premiums, the price of solar panels and wind turbines has continued to fall (down 50 to 60 per cent since 2022) due to oversupply and efficiency gains. However, grid materials like cables and transformers have nearly doubled in price, says the IEA, straining projects and budgets.

Inflationary pressures and financing constraints are particularly acute in emerging markets. In the short term, Asia's response to disrupted LNG supplies has led to a surge in coal use, with countries like South Korea, Bangladesh, and India increasing coal fired power generation to stabilise energy security. For example, Bangladesh has rationed fuel and closed universities, while India has boosted domestic coal production to offset imports, reported NPR.

Despite some headwinds, the IEA confirms that global clean energy investment continues to rise, reaching a record $2.2 trillion in 2025 and projected to grow further, driven by the economic advantages of renewables and the urgent need for energy security. The Iran conflict marks a permanent shift in the global energy landscape. Volatile fossil fuel prices have pushed renewables past a decisive economic tipping point. Clean energy now offers the most stable and predictable returns for global investors. Many nations are most likely to fast-track green projects to secure strategic energy autonomy as public demand for wind and solar remains overwhelmingly strong.

Emerging markets will be facing short-term hurdles, yet clean energy investment will continue to break records. Supply chain risks and grid costs persist, but the momentum is now undeniable. This energy crisis, created by the Iran conflict, may in the future be remembered as a key catalyst that finally ended global fossil fuel dependence.



'The Iran conflict: Catalyst or constraint for the energy transition?'. *Source: Joseph Jacobelli, (Infographic, Google NotebookLM, March 28, 2026)*

ASPECT	IMPACT DESCRIPTION	IMPLICATIONS FOR ENERGY TRANSITION
Fossil Fuel Prices	Brent crude surged to $110+ per barrel in early 2026; European gas prices 2x to €70/MWh (S&P Global).	Higher costs make renewables + storage more competitive; accelerates corporate sustainability pledges.
Renewable Costs	Solar, wind, and battery storage cheaper than fossil fuels in 90%+ of new projects (IEA, 2026).	Faster deployment of utility-scale renewables and distributed energy systems.
Climate Finance	Sustainable debt issuance to hit $1 trillion in 2026 (Moody's); GCF mobilises $20 billion for emerging markets.	Unlocks capital for large-scale projects; de-risks investments in developing economies.
Policy Support	EU's 2026 *Accelerated Energy Security Plan* targets 100% renewable electricity by 2035 (Eurobarometer).	Fast-tracks permitting, subsidies, and carbon pricing; reduces fossil fuel dependence.
Public Opinion	78% of Europeans support accelerated renewable deployment (Eurobarometer, 2026).	Strengthens political mandate for decarbonisation policies.
Supply Chain Disruptions	Shipping costs for renewable components rise by 15% (Wood Mackenzie); critical mineral shortages persist.	Potential delays in project timelines; highlights need for diversified supply chains.
Short-Term Fossil Use	Asia's LNG imports rise 20% in Q1 2026 to offset Qatar curtailments (S&P Global).	Risk of carbon lock-in if new gas infrastructure is built; undermines long-term climate goals.
Battery Storage	Lithium-ion battery costs fall 30% since 2024 (BloombergNEF); utility-scale storage deployments up 50% YoY.	Enhances grid stability; enables higher renewable penetration.
Corporate Commitments	60% of Fortune 500 companies commit to 100% renewable electricity (RE100, 2026).	Drives demand for clean energy PPAs and onsite generation.

'Key Impacts of the Iran conflict on the energy transition'. *Source: Joseph Jacobelli, (March 28, 2026)*

Joseph Jacobelli, head of single-family office Bourne Impact Capital, brings 30+ years in energy markets. He champions sustainable finance through his 'Asia Climate Finance Podcast' and writings like his second book, 'Powering the Unstoppable Green Shift'