NEWSLETTER *Published March 6, 2026 · 7 minute read*

On the Grid: War in Iran

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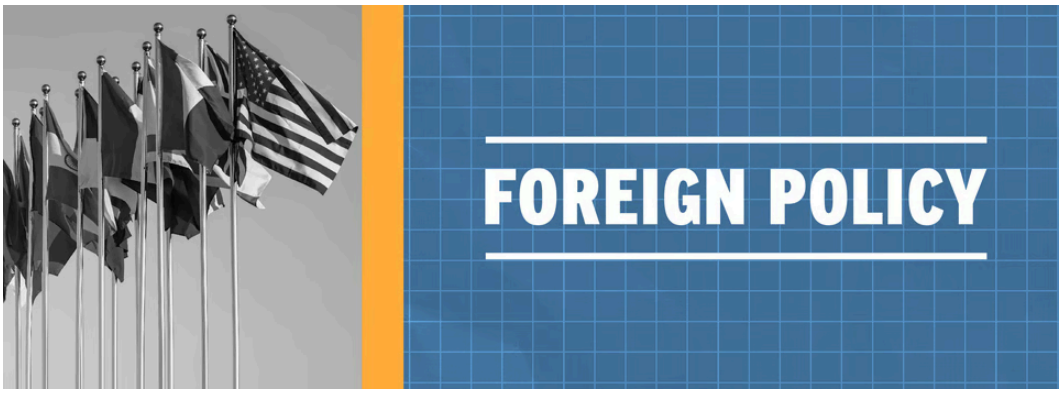
Hi Friend!

Welcome back to *On the Grid*, Third Way's bi-weekly newsletter, where we'll recap how we're working to deploy every clean energy technology as quickly and affordably as possible.

We're excited to have you join us!



Over the weekend, the United States and Israel launched a war on Iran, setting off a chain reaction of retaliation across the Middle East. Iranian drones and missiles have struck US bases and allies across the region, spreading the conflict across multiple fronts and hitting civilian infrastructure, including energy facilities. For our full perspective on the risks and uncertainty this escalation creates, you can read our statement here.

At the time of writing, this conflict appears to still be in an early phase of escalation. But one of the first places the shocks are being felt is the global energy markets. Iran sits at the center of one of the most strategically important energy corridors in the region, the Strait of Hormuz, through which roughly a fifth of global oil and natural gas production flows. Iran has effectively shut down the Strait and threatened to attack vessels in the region, while also forcing Qatar to halt LNG production after striking major facilities at Ras Laffan and Mesaieed.

Markets are reacting quickly. Oil prices have jumped, with both West Texas crude and Brent rising as traders priced in the risk of supply disruptions. Natural gas markets are surging even faster overseas, especially in Europe, as buyers scramble to secure limited cargoes. But the situation remains fluid, with energy markets trying to price a war whose trajectory remains deeply uncertain. Rather than pretend to predict where this is headed, we're taking a step back and focusing on what we actually know so far.

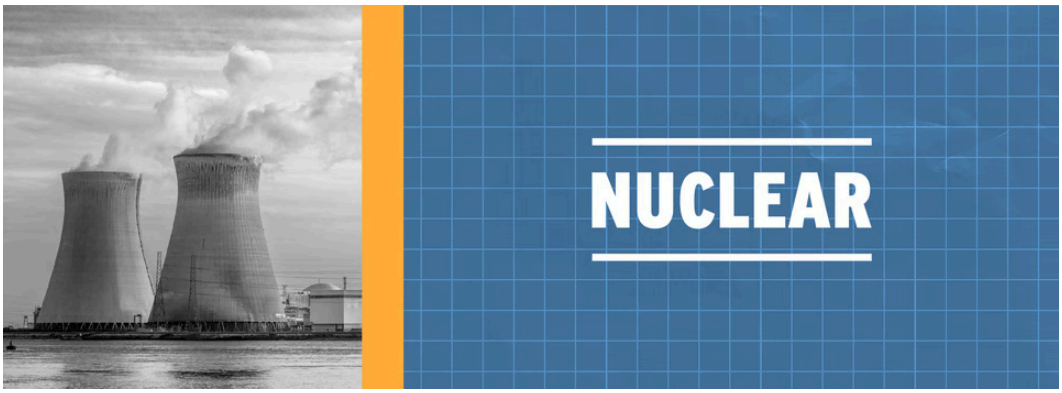
Markets Are Watching, Not Panicking: While oil and gas prices have surged, there are signs of market restraint. Energy markets have changed over the past few years because Russia's war in Ukraine effectively acted as a stress test for the global energy system. That experience taught markets that disruptions can be managed and fundamentally changed how they price geopolitical risk, with conflict risk now more explicitly baked into contracts and hedging strategies. That's largely what we're seeing now.

The Risk Isn't Just Oil, It's Gas: While most commentary on the conflict is focusing on oil, natural gas is emerging as a much larger vulnerability, largely due to Qatar. The country is one of the world's largest LNG exporters, with nearly all of its shipments passing through the Strait of Hormuz. When Iranian drones forced the shutdown of QatarEnergy's Ras Laffan Industrial City and Mesaieed Industrial City facilities on March 2nd, they removed a massive chunk of global gas supply from the market that can't be replaced overnight. The LNG market is already structurally tight. Europe entered this year with gas storage levels well below seasonal norms, and both European and Asian buyers are now competing for the same cargoes. If Qatari flows remain disrupted for long, prices will surge to try to force demand down.

The US Is Better Positioned Than It Used to be, But Not Immune: The 2000s shale boom has fundamentally changed America's position in global energy markets. The US is the largest producer of both oil and LNG, and is no longer heavily dependent on Middle Eastern supply. Most of the crude that passes through the Strait of Hormuz goes to China, India, Japan, and South Korea. While the US is unlikely to face a physical energy shortage if the conflict intensifies, we're not completely insulated from it. Oil is a global commodity. When global prices rise—*and they are*—US prices rise with them. Prices at the pump have already jumped since the conflict began, and are expected to climb in the coming weeks. Normally, tools like the Strategic Petroleum Reserve can be deployed to relieve pressure, but the reserve is not fully replenished after the 2022 drawdowns.

Natural gas markets are also global. If European buyers start aggressively pulling in more American LNG to replace lost Middle Eastern supply, that demand can put upward pressure on US natural gas prices as well. Americans probably won't see the gas lines or rationing of the 1970s, but they will still feel the effects of a global price shock. Europe, on the other hand, could face a much sharper squeeze.

What Comes Next: The dynamics on the ground are changing rapidly and chaotically. But one lesson is already coming into focus: the more economies depend on fuels that must move through vulnerable pipelines, shipping lanes, and export terminals, the more exposed they are to geopolitical shocks. Building a more resilient energy system means not just producing more energy at home, but accelerating the shift toward clean sources like wind, solar, nuclear, and storage that are far harder for our adversaries to disrupt.



This week, American nuclear firm TerraPower secured a construction permit from the Nuclear Regulatory Commission (NRC) for its Natrium reactor project in Wyoming. This is the first time the NRC has issued a construction permit for a commercial-scale advanced nuclear reactor in the US. While this may sound procedural, when it comes to nuclear energy, this is a *very* big deal.

Getting approval to build a nuclear reactor is one of the most demanding regulatory processes in the energy sector, with reviews often stretching for years. But with recent rulemaking changes at the NRC, TerraPower's construction permit was approved in under 18 months—a strikingly fast turnaround by nuclear standards and an early signal that the licensing process for advanced reactors may finally be starting to move at a more workable pace.

Why This Matters: For years, we've warned that the US is falling behind global competitors in nuclear energy, particularly Russia and China. Both countries treat nuclear as a strategic geopolitical industry. With strong state backing, generous financing packages, and bundled fuel supply agreements, Russia and China are securing decades-long energy, economic, and political relationships with countries around the world.

If the US wants to compete in that market, we have to start by building reactors at home first. Countries considering nuclear energy don't buy designs on paper; they buy technologies that are operating, proven, and backed by a real supply chain. Without projects in the US, American nuclear firms struggle to prove their technology, attract financing, and win international deals. TerraPower's approval to begin construction moves the US one step closer to proving American advanced nuclear at a commercial scale.

What We're Doing: Those familiar with Third Way will know that we've long argued that the US needs to modernize and streamline nuclear regulation to keep pace with global competitors. The goal is to ensure the licensing process is predictable, efficient, and capable

of supporting innovative designs. This can and is being done without weakening safety standards.

Today, regulatory processes can take so long that they discourage investment and slow deployment at the moment when demand for firm, clean power is rising. TerraPower's announcement shows that progress is possible. This needs to now be replicated. If the US wants a serious nuclear comeback, we need multiple projects moving through licensing, financing, and construction simultaneously. That's how supply chains scale, how construction teams build expertise, and how costs actually fall.

Building momentum requires functioning institutions. Speeding up nuclear development doesn't just mean cutting red tape; it means ensuring the agencies responsible for licensing, oversight, and technical review *actually* have the staff, funding, and expertise to do so. Right now, the NRC is being asked to move faster while the Trump administration is cutting funding, shrinking programs, and reducing capacity across the agencies responsible for moving nuclear forward. We're making sure the stakes of that contradiction are clear.

- David Wallace-Wells, in the *New York Times*, provides an optimistic look at the clean energy transition, arguing that despite political backlash in the US, the global shift to clean energy is still accelerating.
- Justin Worland, in *TIME*, outlines how competing narratives shape the debate around clean energy and climate policy.
- Tisha Schuller, on the *Energy Thinks* podcast, sits down with Third Way's Josh Freed to talk through what a US energy strategy rooted in national interest could look like.