

---

# Armenia : Contemplating Life As A Regional Electricity Exporter

By Haroutiun Khachatrian  
EurasiaNet - 31/10/2008

---

Armenia may have no energy sources of its own, but the country stands potentially poised to become a major exporter of electricity in the South Caucasus and beyond, analysts say.

The role is not entirely novel. In Soviet times, Armenia exported electricity to neighboring Soviet republics and to Turkey, noted Sevak Sarukhanian, an analyst with Noravank, a Yerevan think-tank. After 1991, "the consumption of electricity inside Armenia declined sharply due to the change in industrial capacities, so it is not surprising that Armenia seeks the chance to sell power to its neighbors," Sarukhanian said. Areas of Iran, Turkey and Georgia that border Armenia are all energy-deficient, he maintained.

The new Iran-Armenia pipeline has already raised expectations about Armenia's ability to export consistently high levels of electricity within the region, although details remain outstanding.

In recent years, Armenia has exported electricity to two of its neighbors, Iran and Georgia, but these exports were relatively small in volume and irregular in nature. Exports to Georgia have primarily targeted the predominantly ethnic Armenian Samtskhe-Javakhetia region, and could vary from 600 million kilowatt hours in one year to zero in another, according to the Armenian Ministry of Energy and Natural Resources.

Next year may prove a turning point. A September 15 report from Armenia's Ministry of Energy and Natural Resources claimed that an agreement on exporting electricity to Turkey was reached during Turkish President Abdullah Gul's September 5 visit to Yerevan. [For background see the Eurasia Insight archive]. Armenia's state-owned power exporting company, and the Belgian company UNIT Group, which is involved in electricity distribution and power generation in Turkey and Romania, signed the deal, according to the ministry. The exports would reportedly start next year.

Within Armenia, the main question is whether or not Turkey would allow such imports. Turkey closed its land border with Armenia in 1993 in solidarity with its ally, Azerbaijan, during that country's war with Armenia over the separatist Nagorno-Karabakh region. [For background see the Eurasia Insight archive].

Officially, however, no Turkish embargo on Armenian imports exists. But while such a "regulation" does not exist, "[o]n the other hand, ? companies have to get export and import permission, and the general understanding is that they would not be given such permission in [the] case of Armenia," commented Professor Mustafa Aydin, head of the department of International Relations at Ankara's Tobb University.

Aydin believes, however, that the UNIT Group must now be seeking such permission from the Turkish government, in conjunction with the aforementioned export agreement. UNIT Group could not be reached through the company email or phone numbers posted on its website.

At a September 24 public discussion on energy issues, Armenia's energy and natural resources minister, Armen Movsisian, stated that the UNIT Group is

working on solving existing problems, and the export deal will be enacted in the coming months. The UNIT Group intends to import at least 1.5 billion kilowatt hours of power next year, and later, even more, the Armenian ministry said in its September 15 report.

If this materializes, Armenia would need to increase regular production of electricity by some 25 percent, up from recent annual production levels of 6 billion kilowatt hours per year. That number may increase still further; on October 5, Iran reportedly began importing electricity from Armenia in exchange for natural gas. An affirmation from Armenia's energy ministry that it "does not yet have a need" for the gas, however, has put a question mark over the extent of any electricity exports to Iran.

Meanwhile, work continues on diversifying Armenia's power-generating capacity and enhancing its reliability as an exporter. ArmRosgazprom Director Karen Karapetian has announced that the company plans to complete work on the fifth, unfinished section of its Hrazdan thermal power plant, Armenia's largest such facility, by early 2010. This new section will be more efficient and consume less gas than the existing four sectors, which are more than 30 years old.

One specialist, however, has expressed concern about the chances for the plant's modernization, however. Economist Tatul Manaserian, a former National Assembly deputy, believes that modernization may be delayed as Gazprom, the Russian energy company that is the main shareholder in ArmRosgazprom, struggles to contend with the emerging international financial crisis. "Gazprom has many projects in Russia, and I am not sure that the Armenian station will be given priority, in case of financial problems," Manaserian said.

The planned construction of a new nuclear power plant could add to that diversification. Manaserian expressed greater optimism about Russian investor participation in that project, given its strategic importance. The proposed plant, with a capacity of 1,000 megawatts, is expected to be built in the city of Metsamor, 40 kilometers west of Yerevan. It will have a capacity of at least 1,000 megawatts, as opposed to the 407 megawatts of the existing nuclear power plant, long a target for outside criticism.

Editor's Note: Haroutiun Khachatrian is a freelance writer based in Yerevan.

---