

AI Starts with Electricity. Uzbekistan Is Reshaping Its Energy Sector for the Digital Economy – Alona Lebedieva

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/EINPresswire.com/ -- In the global race for artificial intelligence, the conversation usually revolves around chips, models, data, and engineering talent. But real AI infrastructure raises a more practical question: can a country provide enough reliable electricity — and secure it under a long-term contract?



Alona Lebedieva

On August 24, at the Silk Road Finance & Technology Forum in Tashkent,

Bobur Khodjaev, Head of the Department for Financial Technologies, Digitalization and Artificial Intelligence at the Presidential Administration of Uzbekistan, said companies considering data centers in the country identify power reliability as one of their first concerns. Renewable generation already exceeds 30% of the power mix, while Karakalpakstan is being promoted for data centers because of its solar and wind potential.

Electricity is becoming a key resource in technological competition. Tax incentives, skilled labor, and market access are no longer enough: countries must also guarantee large volumes of power at predictable prices, with reserve capacity and 24/7 availability.

Megawatts Are Becoming Part of Investment Policy

On August 25, Uzbekistan [commissioned](#) three power plants and three battery energy storage systems (BESS) with a combined capacity of 2,423 MW, worth approximately \$1.7 billion.

The largest is a 1,573 MW combined-cycle gas plant in Syrdarya. In Navoi, a 300 MW solar plant was launched with 150 MW of storage; in Karakalpakstan, a 200 MW wind farm with 100 MW of storage; and in Namangan, another 100 MW BESS facility. Together, gas generation, renewables, and storage can cover different demand patterns — critical for data centers.

These projects are not driven solely by AI. Uzbekistan's installed power capacity has reached 25.8 GW, including 8 GW, or 31%, from solar, wind, and hydropower. In 2026, the country plans to generate 90 billion kWh — 40% more than in 2020 — as industrial and household demand also rises.

Digital infrastructure is becoming another major consumer. President Shavkat Mirziyoyev has instructed the government to expand computing capacity and applied AI projects, of which authorities had previously reported more than 200. While national AI applications require relatively limited power, clusters for training large-scale models change the investment logic: they need guaranteed megawatts.

Uzbekistan Is Selling More Than Incentives

This model is especially visible in Karakalpakstan, where a special regime has been introduced for AI and data center projects. Companies investing more than \$100 million are [offered](#) IT Park incentives, customs exemptions on imported equipment, and a special electricity tariff of 5 cents per kWh, compared with a previously quoted standard tariff for legal entities of around 8.3 cents. The government also covers part of road, electricity, and water infrastructure costs.

The offer combines land, power, infrastructure, and regulation. Investors assess grid access, electricity price and reliability, cooling water, telecommunications, reserve capacity, and approval speed.

Concrete agreements are already emerging. In Karakalpakstan, a \$130.9 million framework investment agreement has been signed for an AI data center involving Taiwan's Keycore Technology; it is a commitment, not a completed facility. Saudi Arabia's DataVolt is building the 12 MW TAS-1 data center in Tashkent, with the first phase expected by the end of 2026. Financing discussions on digital and energy infrastructure are also under way with Korean institutions, including Korea Eximbank.

Uzbekistan is therefore already competing for capital for which access to reliable megawatts is a genuine barrier to entry.

What Investors Are Actually Buying

Data center investors need to know whether the grid can withstand constant demand, whether spare capacity exists at the specific substation serving a site, whether long-term power contracts are available, where the electricity comes from, and whether sufficient cooling water exists.

Generative AI intensifies these requirements because computing clusters operate continuously and cannot tolerate long outages. A tariff of 5 cents per kWh is only one line in a financial model. Without service-level guarantees, reserve capacity, and transparency over power sources, cheap electricity is not enough.

Battery storage matters for the same reason. BESS does not replace generation, but it smooths peaks and gives the system additional flexibility.

Central Asia Has an Opportunity — but Not an Automatic Advantage

The region has abundant solar and wind potential, available land, and competitive energy costs. Combined with modern grids, storage, fiber connectivity, and predictable rules, these advantages could attract part of the world's digital infrastructure and move Central Asia beyond its traditional role as a supplier of raw materials or transit corridor.

But potential alone is not a competitive advantage. Karakalpakstan offers wind, sun, and space, but also faces pressure on water resources. Data centers require cooling water unless operators use more expensive dry- or liquid-cooling systems.

The special electricity tariff also requires clarity: who compensates for the difference, how long the rate remains in place, and whether the subsidy is transferred to other consumers. Grid infrastructure is another constraint: investors do not buy a country's total installed capacity, but electricity that can actually be delivered to a specific site.

A Test, Not a Slogan

For governments seeking AI investment, the key questions are concrete:

- * Is sufficient spare capacity available where the computing cluster is planned?
- * Can it be contracted for 10 to 15 years?
- * Can the grid support 24/7 operations with transparent reliability and outage metrics?
- * Are the electricity source, water availability, telecommunications infrastructure, and duration of preferential tariffs clearly defined?

Uzbekistan has already assembled many elements of such an investment proposition: new generation capacity, battery storage, a special regulatory regime, and a clear political priority for AI infrastructure. The next test is not how many megawatts are announced, but whether they can be converted into contracts international investors are prepared to sign.

The competition for AI investment is increasingly becoming a competition for guaranteed megawatts. Not promised megawatts — delivered ones.

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