



# Georgia's Energy Sector Electricity Market Watch

Georgia | Energy  
Brief overview of April 2020  
May 27, 2020

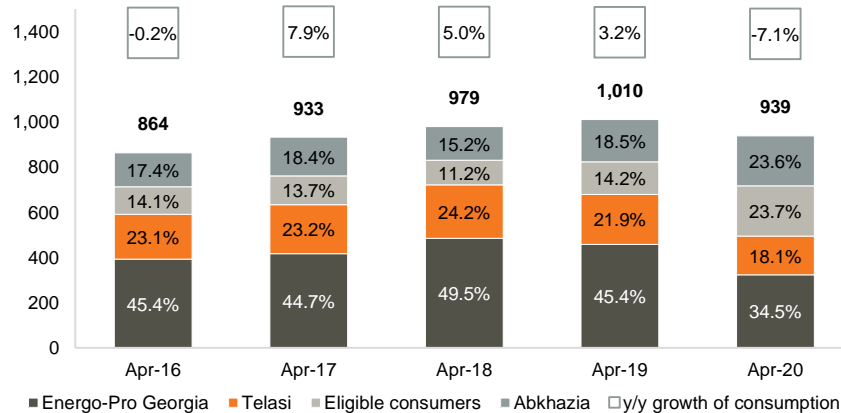
**Electricity consumption was down by 7.1% y/y to 939GWh in April 2020**, caused by lockdown and related decreased economic activity due to Covid-19 pandemic. Notably, Abkhazian region's electricity consumption increased significantly by 18.4% y/y in Apr-20, while the consumption of the rest of Georgia was down by 12.9% y/y. Electricity consumption dynamic by group of consumers is as follows:

- Electricity consumption of **large commercial enterprises** (group of direct consumers) is almost unchanged, both compared to the previous month and to the average of the last 5 months, dictating the stable operation of these companies. At the same time, the 55.2% annual increase in electricity consumption of this group is explained by the legislative changes of May-19, when 10 new companies with a monthly consumption of more than 5 GWh were mandatorily registered as direct consumers and added to this group.
- **Energo-pro Georgia's** electricity consumption was down by 12.4% m/m and 29.3% y/y in Apr-20. Part of annual decrease is explained by the above-mentioned legislative changes as several subscribers of Energo-pro moved to the group of direct consumers. For comparison, the annual decline caused by legislative changes before the Code-19 averaged 19.8% y/y from May-19 to Feb-20.

**Eva Bochorishvili**  
Head of Research  
evabochorishvili@gt.ge  
+995 322 401 111 ext.8036

**Mariam Chakhvashvili**  
Senior Analyst  
mchakhvashvili@gt.ge  
+995 322 401 111 ext.7897

Figure 1: Domestic electricity consumption, TWh



Source: ESCO

Table 1: Demand growth breakdown, Apr-20

Consumer	Growth rate, y/y	Share in consumption
<b>Domestic consumption</b>	<b>-7.1%</b>	<b>100.0%</b>
Abkhazian region	+18.4%	23.6%
Eligible consumers	+55.2%	23.7%
Distribution	-27.2%	52.7%
Energo-Pro Georgia	-29.3%	34.5%
Telasi	-23.0%	18.1%

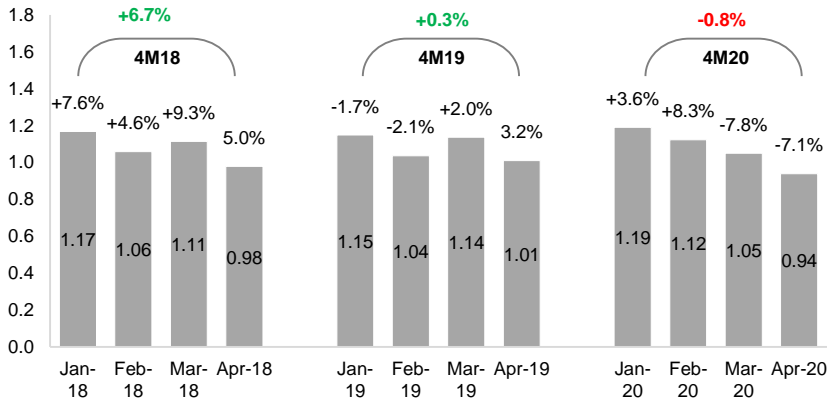
Source: ESCO

- Partial lockdown due to Covid-19 had most significant impact on **Telasi's** subscribers. Electricity consumption of Telasi was down by 23.3% m/m and 23.0% y/y in Apr-20. The legislative changes of May-19 also affected Telasi's consumption, but significantly less than in case of Energo-pro Georgia.
- **Abkhazian region's** electricity consumption increased by 18.4% y/y and hit record high 221.5GWh in Apr-20, from a very high base of Apr-19 (+26.0% y/y). Notably, the region's consumption was 30% higher than the consumption of Telasi, while its consumption is usually 30% lower (average for 2014-19). Since the generation of Enguri was not sufficient to meet the region's increased demand, region also consumed a large share of electricity imports (approximately 70%) and 14.1% of balancing electricity.

In 4M20, electricity consumption decreased by mere 0.8% y/y to 4.3TWh. During this period, electricity consumption in Abkhazian region increased by 10.2% y/y, while electricity consumption in the rest of Georgia decreased by 3.6% y/y.



Figure 2: Domestic electricity consumption and annual growth rates, TWh



Source: ESCO

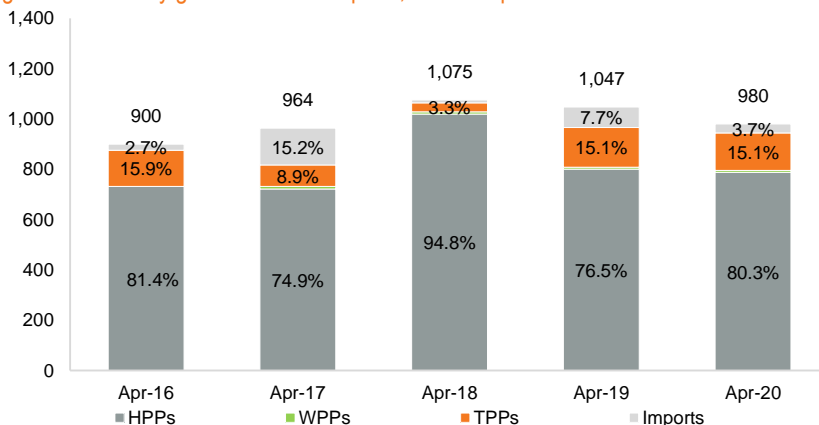
Note: Percentages on the graph represent y/y growth rates

**In Apr-20, 80.3% of the demand on electricity was satisfied by hydro generation, 15.1% by thermal generation and the rest was imported.**

Hydro generation was down by 1.7% y/y due to unfavourable hydrological conditions. Notably, the 178-megawatt Shuakhevi HPP started operation in Feb-20 and already satisfied 5.8% of total consumption in Apr-20.

The decrease of thermal generation (-6.5% y/y) and imports (-55.2% y/y) is explained by decreased demand on electricity. 82.0% of electricity imports came from Russia, mostly for satisfaction of Abkhazian region's increased consumption, the rest was imported from Azerbaijan. Total cost of electricity imports also decreased, by 60.2% y/y and totalled just US\$ 1.6mn in Apr-20. Average price of imports decreased 11.3% y/y to USc 4.4/kWh, due to comparatively cheap electricity from Salkhino line for Abkhazian region's supply.

Figure 3: Electricity generation and imports, GWh – April 2020



Source: ESCO

**In 4M20, 53.8% of demand on electricity was met by hydro generation (-1.8% y/y), 28.0% by thermal generation (-11.1% y/y) and 17.4% of total supply was imported (+27.1% y/y). 52.4% of electricity was imported from Azerbaijan and the rest came from Russia (47.6% of total). Notably, electricity imports for Abkhazian region accounted for the third of total electricity imports and c.70% of imports from Russia.**

Table 2: Demand growth breakdown, 4M20

Consumer	Growth rate, y/y	Share in consumption
<b>Domestic consumption</b>	<b>-0.8%</b>	<b>100.0%</b>
Abkhazian region	+10.2%	23.2%
Eligible consumers	+53.4%	20.3%
Distribution	-15.0%	56.5%
Energo-Pro Georgia	-20.2%	34.8%
Telasi	-5.2%	21.7%

Source: ESCO

Note: Includes January-April period of 2020

Table 3: Supply growth breakdown, Apr-20

Supply source	Growth rate, y/y	Share in supply
<b>Total Supply</b>	<b>-6.4%</b>	<b>100.0%</b>
Imports	-55.2%	3.7%
Domestic generation	-2.3%	96.3%
TPPs	-6.5%	15.1%
WPPs	+23.4%	0.9%
HPPs	-1.7%	80.3%
Enguri and Vardnili	-18.9%	19.8%
Other regulated HPPs	-1.3%	31.3%
Deregulated HPPs	+14.1%	29.3%

Source: ESCO

The increased supply of deregulated HPPs is related to the commissioning of chevi HPP. In some cases, the difference between the total data and the sum constituent parts is explained by the rounding

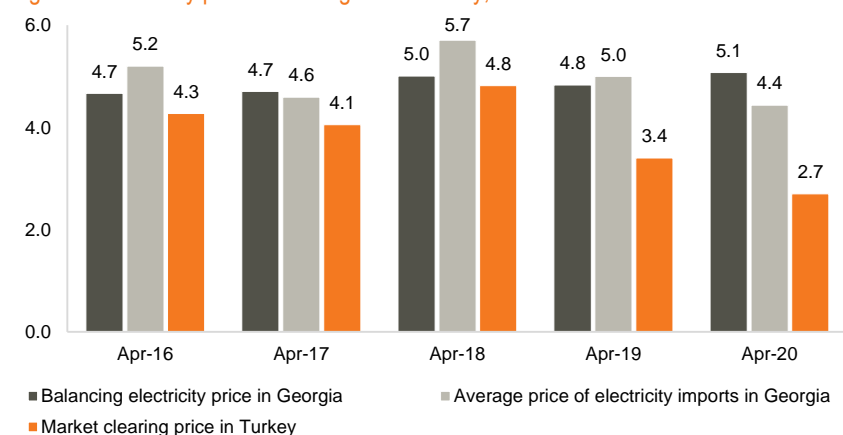


## Electricity Prices in Georgia and Turkey –April 2020

**Balancing electricity price** in Georgia was USc 5.1/kWh (+5.0% y/y) in Apr-20. The balancing electricity in Apr-20 was formed mostly by electricity generated from power plants with PPAs (82.2%) and from imports (17.2% of total). A 21.5% of total electricity supplied to the grid was traded through the market operator (ESCO), with the rest traded through bilateral contracts. Buyers of balancing electricity were mainly distribution companies and direct consumers.

**Turkish electricity prices** fell by 5.5% in TRY, while due to Lira depreciation the prices in US\$ decrease much significantly by 20.5% y/y and stood at USc 2.7/kWh in Apr-20.

Figure 4: Electricity prices in Georgia and Turkey, USc/kWh



Source: ESCO, GeoStat, NBG, EPIAS

Table 4: Electricity prices in Georgia and Turkey, USc/kWh

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019	Jan-20	Feb-20	Mar-20	Apr-20	4M20
Balancing electricity price in Georgia	2.7	2.6	4.7	4.9	5.0	5.0	5.2	5.1	4.8	5.1	4.9	6.1	5.1	5.3
% change y/y	-50%	-50%	30%	4%	12%	-6%	2%	-4%	-5.0%	0%	-5%	21%	5%	5.9%
Average price of electricity imports in Georgia	5.5	5.5	5.2	5.2	5.1	4.7	5.0	5.2	4.8	5.1	3.2	3.8	4.4	3.9
% change y/y	-5%	-4%	-13%	12%	20%	-7%	1%	0%	-4.1%	2%	-29%	3%	-11%	-11.2%
Average price of electricity exports from Georgia	3.0	3.2	NM	NM	NM	NM	NM	NM	3.2	NM	NM	NM	NM	NM
% change y/y	-8%	1%							-0.4%					
Market clearing price in Turkey	3.4	4.1	5.4	5.4	5.3	5.1	5.3	5.4	4.7	5.4	5.0	4.0	2.7	4.7
% change y/y	-18%	1%	23%	2%	1%	-7%	-4%	9%	-0.3%	23%	1%	-18%	-21%	6.7%

Source: ESCO, GeoStat, NBG, EPIAS

Note: when export or import is insignificant the average tariff is not-meaningful (NM)



Table 5: Electricity Balance, GWh

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019	Jan-20	Feb-20	Mar-20	Apr-20	4M20
<b>Domestic consumption, total</b>	<b>984</b>	<b>1,064</b>	<b>1,107</b>	<b>1,103</b>	<b>971</b>	<b>958</b>	<b>1,068</b>	<b>1,173</b>	<b>12,759</b>	<b>1,190</b>	<b>1,122</b>	<b>1,049</b>	<b>939</b>	<b>4,299</b>
% change y/y	+2%	+9%	+1%	+5%	+2%	-2%	-0.8%	+0.2%	+1.4%	+3.6%	+8.3%	-7.8%	-7.1%	-0.8%
<i>Of which:</i>														
- Abkhazian Region	114	108	117	128	115	126	197	251	<b>2,060</b>	273	269	233	221	<b>997</b>
% change y/y	+13%	+7%	+1%	+6%	+9%	+3%	+2%	+3%	+7.2%	+7%	+22%	-4%	+18%	+10.2%
- Eligible consumers	313	324	334	308	290	257	239	227	<b>2,864</b>	225	203	224	223	<b>874</b>
% change y/y	+74%	+84%	+84%	+80%	+81%	+52%	+50%	+42%	+59.6%	+56%	+58%	+45%	+55%	+53.4%
- Distribution Companies	557	631	656	666	566	575	632	695	<b>7,835</b>	692	649	592	495	<b>2,428</b>
% change y/y	-18%	-10%	-17%	-12%	-18%	-16%	-13%	-10%	-11.6%	-8%	-5%	-20%	-27%	-15.0%
<i>Of which:</i>														
- Energo-Pro Georgia	341	379	404	424	358	360	379	416	<b>4,933</b>	412	388	370	324	<b>1,495</b>
% change y/y	-26.8%	-20.3%	-22.8%	-18.6%	-23.4%	-22.7%	-20.6%	-15.5%	-16.3%	-14.2%	-12.9%	-24%	-29%	-20.2%
-Telasi	216	252	252	243	208	215	253	279	<b>2,902</b>	279	262	222	170	<b>934</b>
% change y/y	+1%	+12%	-7%	+3%	-6%	-2%	+2%	+1%	-2.3%	+4%	+8.6%	-12.2%	-23.0%	-5.2%
<b>Domestic Generation, total</b>	<b>1,156</b>	<b>1,198</b>	<b>1,055</b>	<b>1,020</b>	<b>821</b>	<b>800</b>	<b>913</b>	<b>1,012</b>	<b>11,865</b>	<b>1,031</b>	<b>851</b>	<b>867</b>	<b>944</b>	<b>3,692</b>
% change y/y	-0%	-1%	-17%	+4%	-3%	+2%	+1%	+3%	-2.3%	+2%	-9%	-11%	-2%	-5.1%
<i>Of which:</i>														
- TPPs	0	7	3	138	207	214	402	460	<b>2,840</b>	552	398	153	148	<b>1,252</b>
% change y/y	-100%	+141%	-52%	-8%	+29%	+8%	+22%	+67%	+34.3%	+37%	-5%	-64%	-6%	-11.1%
- WPPs	6	5	9	8	7	6	8	7	<b>85</b>	8	7	9	8	<b>32</b>
% change y/y	+17%	+6%	+11%	+9%	-11%	-19%	+16%	+5%	+0.5%	+36%	-9%	+7%	+23%	+12.7%
- HPPs	1,150	1,185	1,043	874	607	580	503	545	<b>8,940</b>	471	445	705	787	<b>2,408</b>
% change y/y	7%	-1%	-17%	6%	-11%	0%	-11%	-23%	-10.1%	-22%	-12.9%	30.5%	-2%	-1.8%
<i>Of which:</i>														
- Enguri and Vardnili	531	653	540	518	276	225	223	230	<b>4,028</b>	214	141	173	194	<b>722</b>
% change y/y	+5%	-5%	-35%	+1%	-26%	-9%	+12%	-11%	-15.3%	-19%	-31%	+41%	-19%	-13.2%
- Other regulated HPPs	320	257	268	200	162	182	135	179	<b>2,593</b>	135	168	262	307	<b>871</b>
% change y/y	+6%	-8%	+8%	+26%	-11%	-5%	-33%	-29%	-11.6%	-24%	+0%	+11%	-1%	-2.3%
- Other HPPs	300	275	235	157	168	173	145	137	<b>2,319</b>	122	136	270	287	<b>816</b>
% change y/y	9%	17%	39%	1%	33%	23%	-10%	-29%	+2.7%	-23%	-2%	49%	14%	+11.8%
<b>Imports</b>	<b>0</b>	<b>8</b>	<b>94</b>	<b>119</b>	<b>185</b>	<b>195</b>	<b>200</b>	<b>211</b>	<b>1,627</b>	<b>214</b>	<b>312</b>	<b>218</b>	<b>36</b>	<b>780</b>
% change y/y	-99%	+29%	NM	+20%	+33%	-15%	-9%	-8%	+7.8%	+18%	+119.0%	+4%	-55.2%	+27.1%
<b>Exports</b>	<b>134</b>	<b>100</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>243</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>6</b>	<b>7</b>
% change y/y	-32.8%	-48.7%	-95.3%	N/A	N/A	N/A	N/A	N/A	-58.6%	N/A	N/A	N/A	N/A	N/A
<b>Trade balance</b>	<b>134</b>	<b>92</b>	<b>(88)</b>	<b>(119)</b>	<b>(185)</b>	<b>(193)</b>	<b>(200)</b>	<b>(211)</b>	<b>(1,383)</b>	<b>(214)</b>	<b>(312)</b>	<b>(218)</b>	<b>(30)</b>	<b>(773)</b>
<b>Transit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>33</b>	<b>-</b>	<b>22</b>	<b>19</b>	<b>14</b>	<b>26</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>51</b>
% change y/y	N/A	N/A	N/A	N/A	N/A	N/A	-80%	-83%	-94.3%	N/A	+174%	N/A	N/A	+117%

Source: ESCO

Note: Eligible consumers are commercial entities consuming over 5GWh electricity per month.

Other regulated HPPs have tariff cap set by GNERC. These HPPs are Vartsikhe, Zhinvali, Khrami-1, Khrami-2, Lajanuri, Dzevrula, Gumati, Rioni, Shaori



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### Head of Research

Eva Bochorishvili | evabochorishvili@gt.ge

### Head of Macroeconomic Analysis and Forecasting

Lasha Kavtaradze | lashakavtaradze@gt.ge

### Head of Analytics

Giorgi Iremashvili | giremashvili@gt.ge

### Head of Sector Research

Bachana Shengelia | bshengelia@gt.ge

### Senior Analyst

Mariam Chakhvashvili | mchakhvashvili@gt.ge

### Senior Analyst

Kakha Samkurashvili | ksamkurashvili@gt.ge

### Senior Analyst

Ana Nachkebia | anachkebia@gt.ge

### Analyst

Tatia Mamrikishvili | tmamrikishvili@gt.ge

### Analyst

Nino Peranidze | ninoperanidze@gt.ge

### Analyst

Nika Megutnishvili | nmegutnishvili@gt.ge

**Address:** 79 D. Agmashenebeli Avenue, Tbilisi 0102, Georgia

**Tel:** + (995) 32 2401 111

**Email:** research@gt.ge