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CREATING OPPORTUNITIES



Georgia's Electricity Market Watch

9M24 update

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Highlights

Electricity balance: In 9M24, 11.8 TWh of electricity was supplied to the grid, out of which 11.3 was local generation, and 0.5 TWh were imports.

Out of these 11.8 TWh, 10.3 TWh was consumed locally at the wholesale level, 1.0 TWh was exported and 0.5 TWh was lost during transmission in the high voltage grid.

Supply: Hydro generation increased by 7.2% y/y to 9.5 TWh due to both abundant rainfall and efficient operation of regulating HPPs. The increase in the hydro generation, coupled with decreased exports caused reduction of thermal power plant's generation and kept imports at the minimum level.

Domestic consumption of electricity returned to increasing trend mainly explained by the revival of the crypto-mining and metallurgy sectors. In total, domestic consumption of electricity increased by 5.4% y/y to 10.4 TWh in 9M24.

Export: The decrease in both export volume (1.0 TWh, -28.8% y/y) and export price (USc 4.7, -28.1% y/y), caused export revenues to halve to US\$ 49.0mn.

Trade balance: Georgia remained a net exporter of electricity in 9M24. Net export was 0.6 TWh or US\$ 45.2mn.

The price of electricity in Georgia increased by 7.9% y/y to USc 5.6 /kWh. The highest share in the formation of balancing electricity is still held by PPA stations.

Market news: The pre-construction guarantee requirements for certain renewable energy projects have been eliminated. Meanwhile, activity on the energy exchange remains minimal.



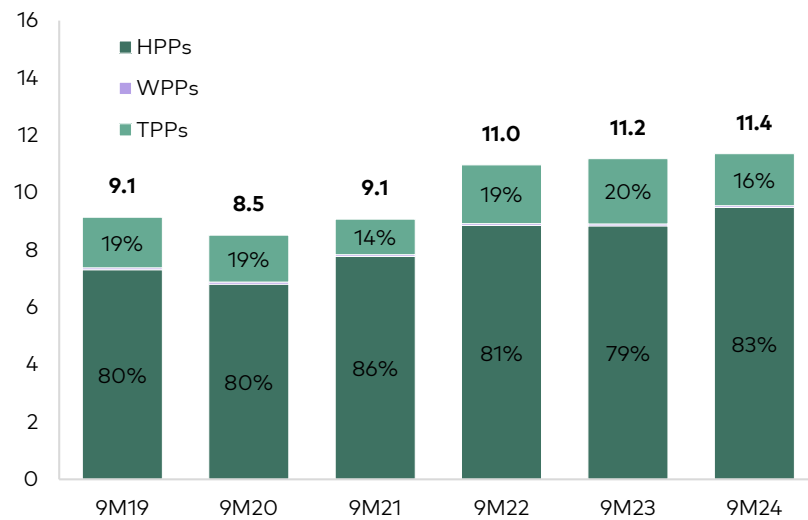
Electricity generation

Electricity generation in Georgia increased by 1.5% to 11.4 TWh in 9M24.

Hydro generation was up by 7.2% y/y to 9.5TWh and made up 83.5% of the total generation. The increase was due to the favourable hydrology and the optimal operation of the regulating power plants.

Thermal generation decreased significantly by 20.3% y/y, driven by increased hydro generation and reduced electricity exports.

Figure 1: Electricity generation, TWh



Source: GNERC, Galt & Taggart

Table 2: electricity generation breakdown, 9M24

Supply source	Growth rate, y/y
Total generation	+1.5%
TPPs	-20.3%
WPPs	-9.2%
HPPs	+7.2%
Enguri and Vardnili	+2.4%
Other regulated HPPs	+8.6%
Deregulated HPPs	+12.0%

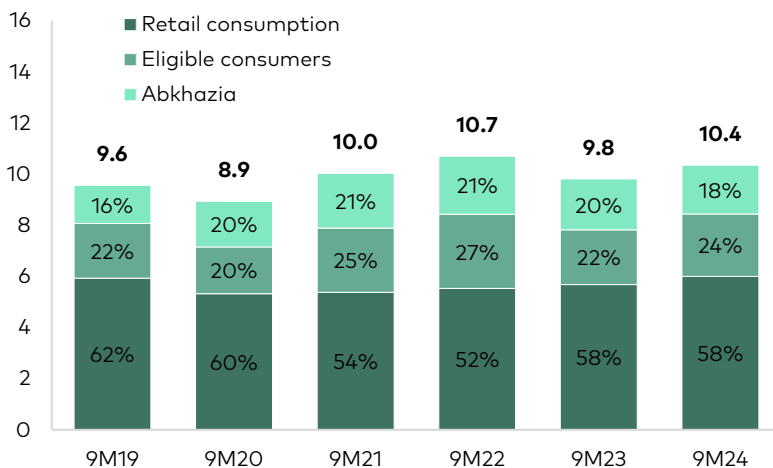


Electricity consumption

Domestic consumption of electricity returned to increasing trend and was up by 5.4% y/y to 10.4 TWh in 9M24. This growth was driven by increased consumption of retail users and (+5.7% y/y) and direct consumers (+14.0% y/y). In addition, the consumption of third consumer group, the Abkhazian region decreased by 4.4% y/y.

The 14.0% y/y increase in direct consumers' electricity consumption is explained by the revival of the crypto-mining and metallurgy sectors, supported by increased prices for these products. However, these sectors have not yet returned to their maximum production capacity, therefore, the potential for consumption growth remains high.

Figure 2: Electricity consumption by consumer groups, TWh



Source: GNERC, Galt & Taggart

Note 1: **Retail consumption** includes consumption of EPG Supply, Energo-pro Georgia, Telmico and Telasi. EPG Supply used to be Energo-pro Georgia and Telmico used to be Telasi prior Jun-21. The titles and functions changed in line with ongoing energy reform's unbundling requirement.

Note 2: Criteria for mandatory registration as **direct consumer** is currently 0.4GWh consumption per month.

Table 1: Local demand growth breakdown, 9M24

Consumer	Growth rate, y/y
Domestic consumption	+5.4%
Abkhazian region	-4.4%
Direct Consumers	+14.0%
Retail consumption	+5.7%
Of which:	
EPG Supply	+5.1%
Telmico	+6.5%



Foreign trade of electricity

Export

The electricity **export volume** decreased by 28.8% y/y to 1.0 TWh in 9M24. The export season started in April and lasted until August. Turkey remained the main export market, with an 82.8% share of exports.

The top 3 exporters were Bookup Solutions, Cross Border Trading and Tbilisi Investment Group.

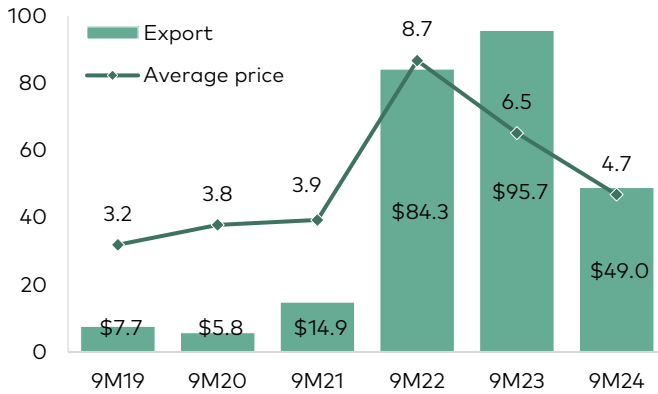
Export revenue almost halved to 49.0mn US\$ (-48.8% y/y) in 9M24, caused by decrease in both export volume (-28.8% y/y) and export price (-28.1% y/y). The average price of electricity export was USc 4.7 /kWh in 9M24.

Transit

In 9M24, 1.1 TWh (-48.1% y/y) of electricity was transited through Georgia to Turkey. A 94.4% of which was from Azerbaijan and the rest from Russia.

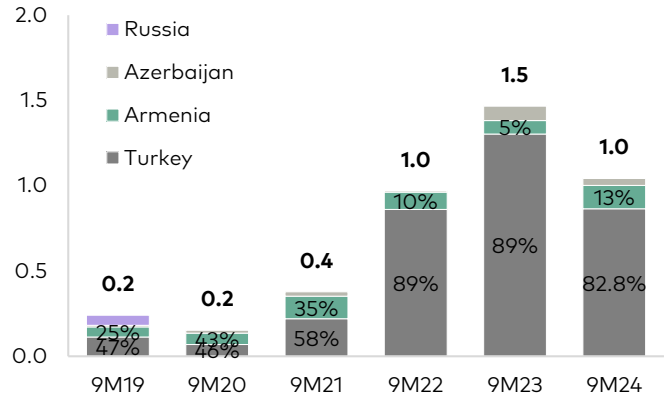


Figure 3: Export value (US\$ mn) and average price (USc/kWh) of electricity exports



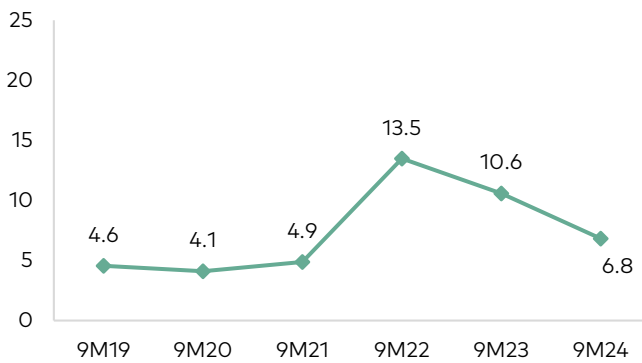
Source: GNERC, Geostat, Galt & Taggart

Figure 4: Electricity exports by destination, TWh



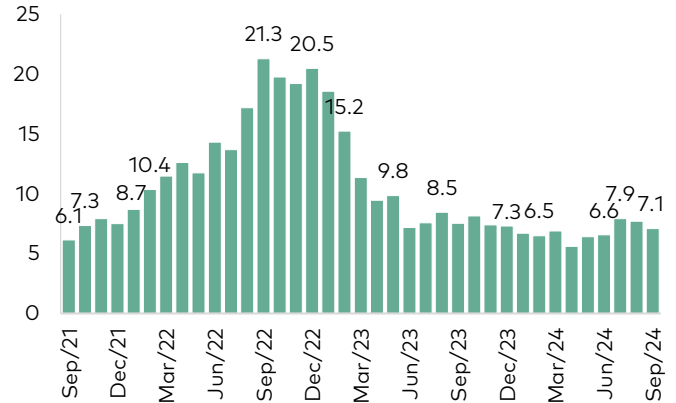
Source: GNERC, Geostat, Galt & Taggart

Figure 5: Average annual Market Clearing Prices in Turkey, USc/kWh



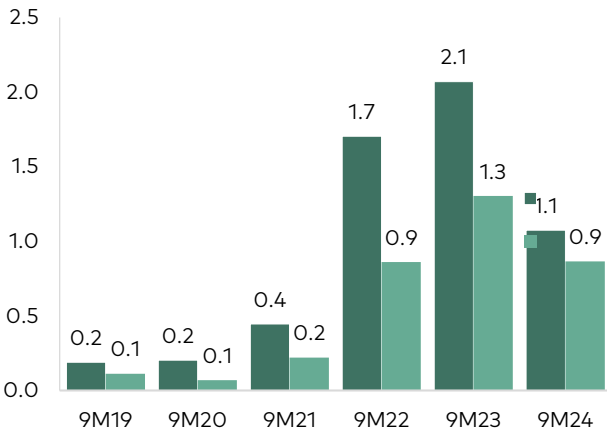
Source: EPIAS, EVDS, Galt & Taggart

Figure 6: Average monthly Market Clearing Prices in Turkey, USc/kWh



Source: EPIAS, EVDS, Galt & Taggart

Figure 7: Electricity export and transit to Turkey, TWh



Source: GNERC, Galt & Taggart



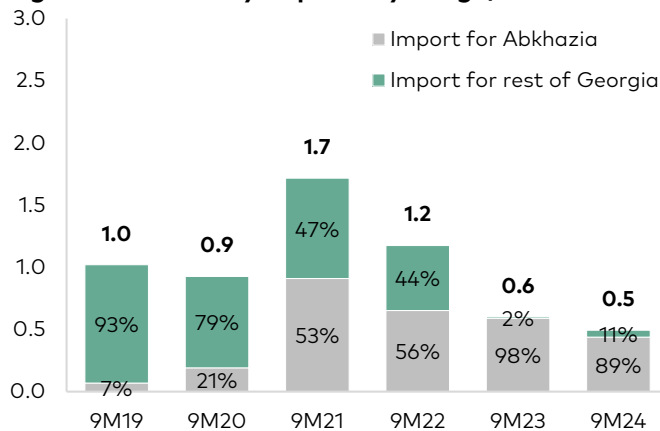
Import

Electricity imports decreased by 17.8% y/y to 0.5 TWh in 9M24. An 88.7% of the imported electricity came from Russia at "special price" (US\$ 0.1/kWh) and was almost fully intended for consumption by the Abkhazian region. The remaining 11.3% of imports came from Azerbaijan and accounted for an insignificant share of total supply (0.5%). Consequently, the amount paid for imported electricity remained low at US\$ 3.8mn in 9M24.

Trade balance

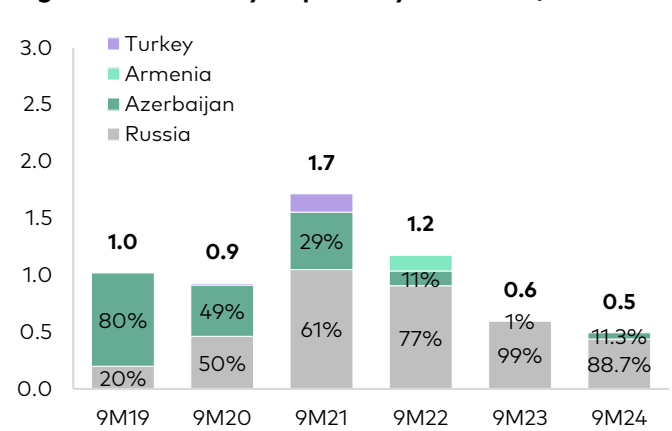
Georgia remained a net exporter of electricity in 9M24, third year in a row. However, positive trade balance reduced significantly in line with reduced exports. Net export of electricity was 0.6 TWh (-36.4% y/y) and US\$ 45.2mn (-52.4% y/y) in 9M24.

Figure 8: Electricity imports by usage, TWh



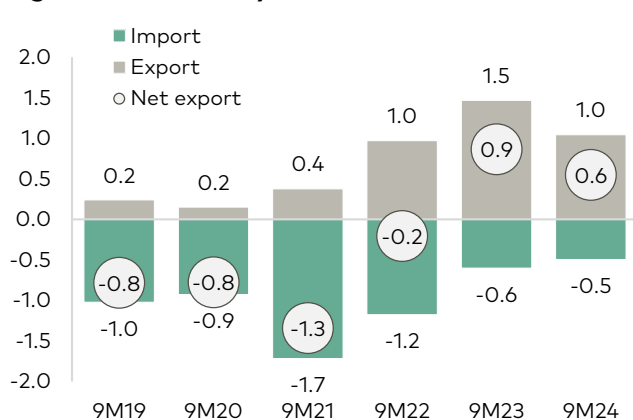
Source: GNERC, Geostat, Galt & Taggart

Figure 9: Electricity imports by countries, TWh



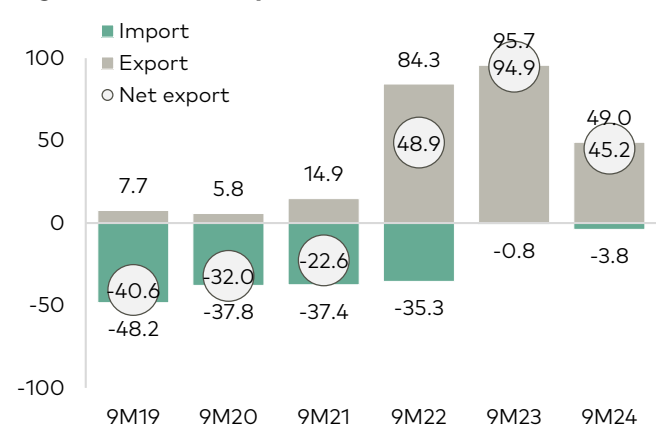
Source: GNERC, Geostat, Galt & Taggart

Figure 10: Electricity trade, TWh



Source: GNERC, Geostat, Galt & Taggart

Figure 11: Electricity trade, US\$ mn



Source: GNERC, Geostat, Galt & Taggart



Electricity price in Georgia

The volume of electricity traded through ESCO as balancing electricity was up by 55.1% y/y to 2.6 TWh and accounted to 22.1% of total traded volume. Increase in volume was due to the appearance of electricity generated by Mtkvari Energy and Tbilresli in the purchases of ESCO, which in turn is related to the increase in their selling price. For more details on the reasons for the increase in the price of TPPs, see our previous [market watch](#).

The average selling price of balancing electricity increased by 7.9% y/y to USc 5.6/kWh. On a monthly basis, the price of balancing electricity fluctuated within USc 4.6-5.9/kWh.

Figure 12: Balancing electricity volume (TWh) and prices (USc/kWh)

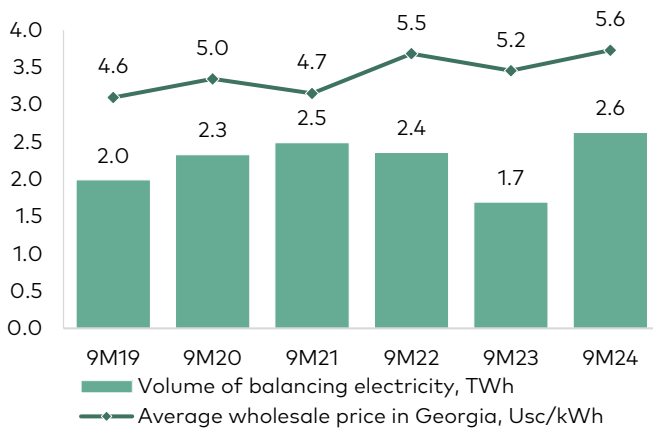
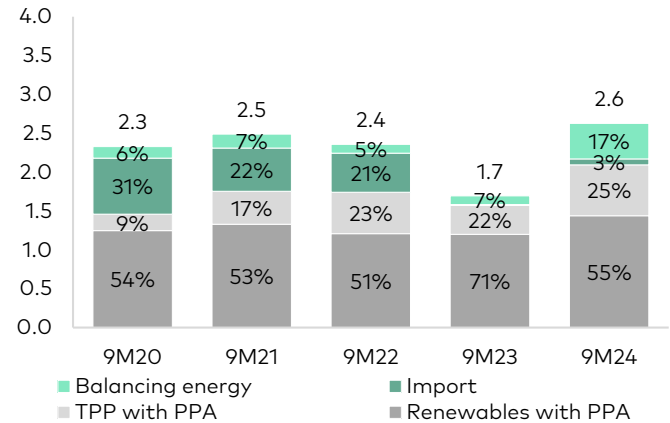


Figure 13: Composition of ESCO's balancing electricity volume, TWh





News on the market

Market reform

Energy exchange platform started operation on 1 July 2024 and currently there are 17 registered users. In first three months of its operation only several transactions were made and we see no signs of future active trades, until planned enforcement of imbalance settlement from July 2025.

Bank Guarantees

On October 21, 2024, an amendment was made to Government Resolution No515, according to which wind, solar and hydro power plants with an installed capacity of over 100 MW are exempted from the obligation to submit a pre-construction guarantee, based on the Government's decision. This change aims to intensify discovery and development of new renewable sources.

Based on previous rule, investor was obliged to submit a bank guarantee in an amount of US\$ 5,000 per MW. Notably, requirements for guarantees for the construction phase have not changed.



Electricity Balance, TWh

	2019	2020	2021	2022	2023	2024F
Domestic consumption, total	12,759	12,136	13,730	14,165	13,053	13,700
<i>% change y/y</i>	1.4%	-4.9%	13.1%	3.2%	-7.9%	5.0%
Of which:						
Abkhazian Region	2,060	2,552	2,956	3,029	2,703	2,632
<i>% change y/y</i>	7.2%	23.9%	15.8%	2.5%	-10.8%	-2.6%
Eligible consumers	2,864	2,438	3,554	3,726	2,779	3,168
<i>% change y/y</i>	59.6%	-14.9%	45.8%	4.8%	-25.4%	14.0%
Retail consumption	7,835	7,146	7,219	7,411	7,572	7,900
<i>% change y/y</i>	-11.6%	-8.8%	1.0%	2.7%	2.2%	4.3%
Domestic Generation, total	11,865	11,160	12,645	14,247	14,396	13,895
<i>% change y/y</i>	-2.3%	-5.9%	13.3%	12.7%	1.0%	-3.5%
Of which:						
Thermal Power Plants	2,840	2,821	2,380	3,388	3,446	2,215
<i>% change y/y</i>	34.3%	-0.7%	-15.6%	42.4%	1.7%	-35.7%
Wind Power Plants	85	91	83	87	86	80
<i>% change y/y</i>	0.5%	7.3%	-8.2%	5.0%	-1.6%	-7.1%
Hydro Power Plants	8,940	8,248	10,182	10,771	10,863	11,600
<i>% change y/y</i>	-10.1%	-7.7%	23.4%	5.8%	0.9%	6.8%
Foreign trade						
Import	1,627	1,610	2,006	1,533	790	850
<i>% change y/y</i>	7.8%	-1.0%	24.6%	-23.6%	-48.5%	7.6%
Export	243	154	391	971	1,468	1,045
<i>% change y/y</i>	-58.6%	-36.8%	154.2%	148.4%	51.2%	-28.8%
Trade balance	-1,383	-1,456	-1,615	-562	679	195
<i>% change y/y</i>	50.3%	5.3%	10.9%	-65.2%	-220.7%	-71.2%
Transit	272	204	1,135	2,933	3,444	2,100
<i>% change y/y</i>	913.6%	-25.2%	457.8%	158.3%	17.4%	-39.0%

Price of electricity, USc/kWh

	2019	2020	2021	2022	2023	2024F
Balancing price, selling	4.8	5.0	4.9	5.5	5.3	5.7
<i>% change y/y</i>	-5.4%	8.1%	-5.9%	17.0%	-6.2%	7.9%
Average import price	4.8	4.0	2.4	2.7	0.1	0.5
<i>% change y/y</i>	-5.4%	8.1%	-5.9%	17.0%	-6.2%	273.4%
Average export price	3.2	3.8	4.0	8.7	6.5	4.7
<i>% change y/y</i>	-5.4%	8.1%	-5.9%	17.0%	-6.2%	-28.1%

Source: GNERC, Geostat, Galt & Taggart



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