



GALT & TAGGART
CREATING OPPORTUNITIES



Georgia's Electricity Market Watch

1Q25 update

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1Q25 Highlights

Supply: 3.8 TWh of electricity was supplied to the grid in 1Q25, out of which 2.8 TWh was local generation, and 1.0 TWh were imports. Local generation decreased by 15.6% y/y while imports more than doubled (+122.2% y/y). Local generation decreased both for hydro and thermal power plants. Additionally, the choice between a thermal power plant and imports was made on the basis of price.

The 54.1 MW Mtkvari HPP and 14.2 MW Chiora HPP were commissioned in testing regime in 1Q25.

Domestic electricity consumption was up by 1.3% y/y to 3.7 TWh in 1Q25. The growth was driven by growth of residential (+8.5% y/y) users, eligible consumers (+1.3% y/y) and commercial users of retail companies (+4.4% y/y).

Electricity price: wholesale price of electricity in Georgia increased by 1.5% y/y to USc 5.9 /kWh in 1Q25.

The Ministry of Economy has received 435 applications from those wishing to receive CFD contracts through direct negotiations, with a total installed capacity of 11.2 GW, of which 0.75 GW is hydro, 4.2 GW is wind, and 6.2 GW is solar power plants. The results of the application review will be announced in a few months.

Net metering regulation reached its limits for Energo-pro Georgia's grid and was suspended until planned regulatory changes are implemented. However, Telasi continues to accept applications for the remaining 50-60MW capacity.

GNERC increased tariffs for Enguri, Vardnili and Georgian State Electrosystem to 4.021 (+66.7% y/y), 5.111 (+66.7% y/y) and 3.298 (+17.2% y/y) tetri per kWh, respectively, starting from Jan-25.



Electricity generation

Local electricity generation decreased by 15.6% y/y and amounted to 2.8 TWh in 1Q25.

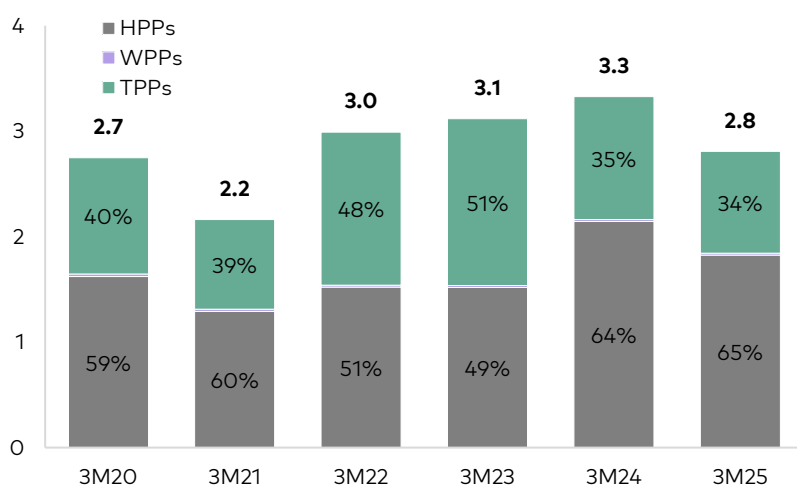
Hydro generation decreased by 14.8% y/y to 1.8 TWh and accounted for 65.0% of total generation. Notably, the decrease in hydro generation is related to the high base of the previous year, which in turn was related to hydrological conditions.

Despite the overall decline in **hydro generation**, generation from **deregulated** HPPs increased by 4.5% y/y, driven by new plants.

Thermal power plants generation decreased by 17.1% y/y in 1Q25, while electricity imports doubled (+122.2% y/y). The choice between a thermal power plant and imports was made on the basis of price. The average generation price of Tbilisres and Mtkvari Energy thermal power plants fluctuated between 6.3-6.7 USc/kWh in 1Q25, while the average import price from Azerbaijan and Armenia was 5.9 and 6.6 USc/kWh, respectively.

Notably, prices for thermal power plants have increased since January 2024 due to the increase in the purchase price of gas (the price per m³ rose from \$143 to \$210).

Figure 1: Electricity generation, TWh



Source: GNERC, Galt & Taggart

Table 1: Electricity generation breakdown, 2025

Supply source	Growth rate, y/y
Total generation	-15.6%
TPPs	-17.1%
WPPs	-4.4%
HPPs	-14.8%
Of which	
Enguri and Vardnili	-47.2%
Other regulated HPPs	-17.1%
Deregulated HPPs	+4.5%



Electricity consumption

Domestic electricity consumption increased by 1.3% y/y to 3.7 TWh in 1Q25.

The increase in consumption was mainly the result of increased demand from retailers (+5.4% y/y) and direct consumers (+1.3% y/y) in 1Q25. Consumption was negatively affected by the annual decrease in consumption in the Abkhazia region (-8.7% y/y).

In direct consumers, the doubling of consumption by crypto-mining companies, which was driven by the increase in crypto asset prices on international markets and the addition of new enterprises (mainly free industrial zones) was noteworthy. Another relevant event was that the ferroalloy plants have been shut down since October 2024, and an increase in activity is observed in March, which is related to the expectation of an increase in the price of ferroalloys on international markets. This trend is likely to continue and we expect an increase in ferroalloy consumption in 2Q25.

Retail consumption increased for both Telmico (+5.4% y/y) and EPG (+6.7% y/y) subscribers in 1Q25, namely:

- **Household consumption** increased by 8.5% y/y to 0.8 TWh, of which the consumption of Tbilisi residents (Telmico subscribers) increased by 6.0% y/y, and that of the regions (EPG supply subscribers) by 10.4% y/y.
- **Commercial consumption** also increased by 4.4% y/y, of which Telmico subscribers increased by 5.0% y/y, and EPG supply by 3.9% y/y.

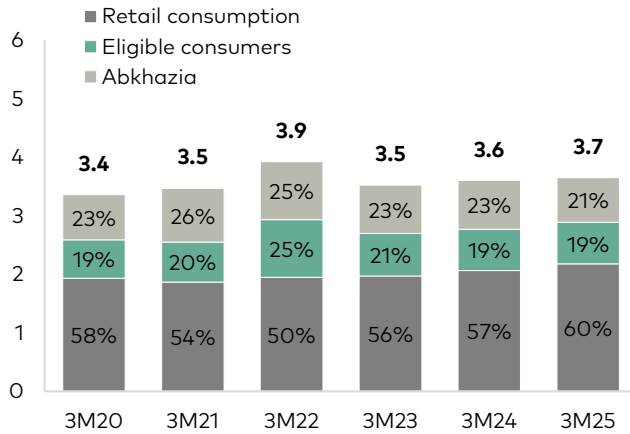
Table 2: Local demand growth breakdown, 3M25

Consumer	Growth rate, y/y
Domestic consumption	+1.3%
Abkhazian region	-8.7%
Direct Consumers	+1.3%
Retail consumption	+5.4%
Of which:	
EPG supply	+5.6%
Telmico	+5.1%

Source: GNERC, Galt & Taggart



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. The revision of the criteria is planned for Jul-25 to include more companies.

Figure 3: Retail consumption of electricity, TWh





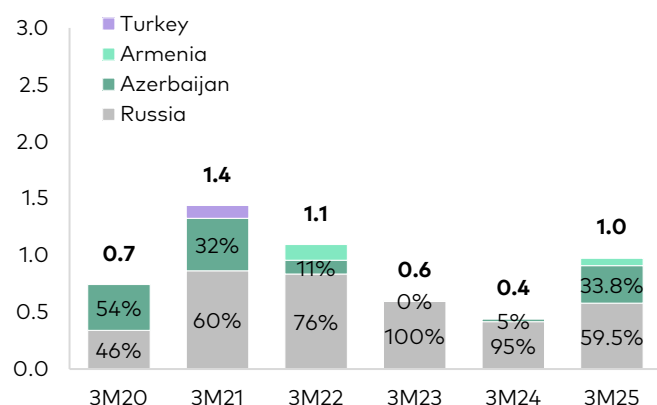
Foreign trade of electricity

Import

Electricity imports increased by 122.2% y/y to 1.0 TWh in 1Q25. 59.5% of imports were supplied by Russia and was entirely intended for consumption in the Abkhazian region. The rest of the imports came from Azerbaijan (33.8% of total imports) and Armenia (6.7% of total imports).

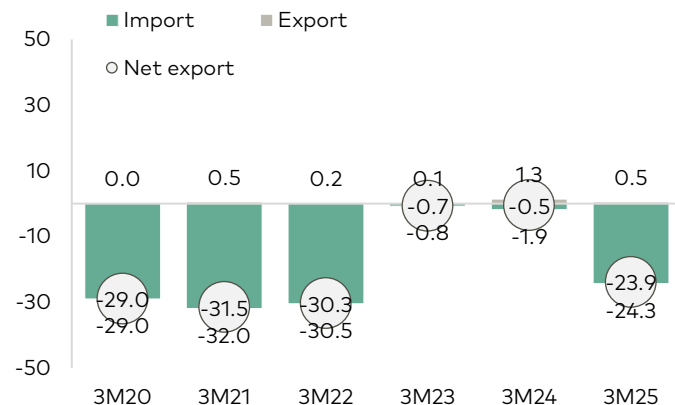
Total value of imported electricity amounted to US\$ 23.5mn, with an average price of 1.9 USc/kWh. It is worth noting that imports to the Abkhazian region are done at a special price of 0.1 USc/kWh, which has a significant impact on the average import price. The average import price from Azerbaijan was 5.9 USc/kWh, while from Armenia was at 6.6USc/kWh.

Figure 4: Electricity imports by countries, TWh



Source: GNERC, Geostat, Galt & Taggart

Figure 5: Electricity imports by countries, TWh



Source: GNERC, Geostat, Galt & Taggart

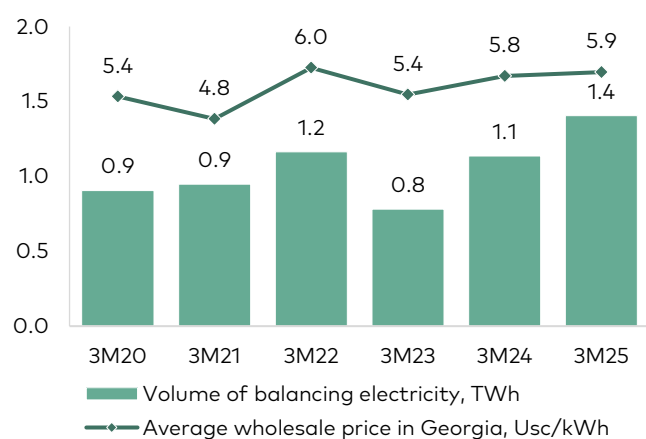


Electricity price in Georgia

The average selling price of balancing electricity increased by 1.5% y/y to USc 5.9/kWh. The price of balancing electricity fluctuated within the range of 5.8-6.0 USc/kWh on a monthly basis.

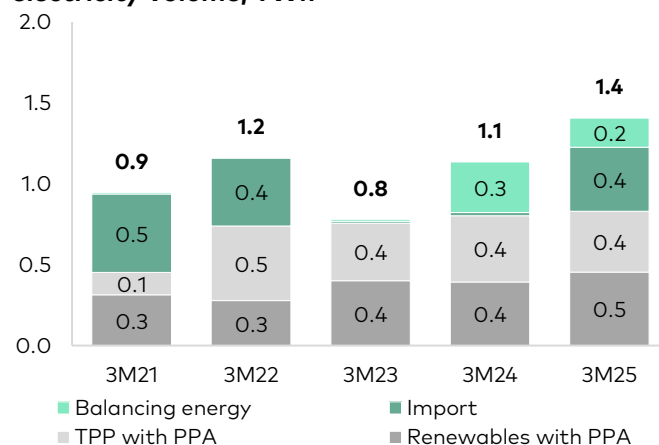
The volume of balancing electricity increased by 23.8% y/y to 1.4 TWh and accounted for 37.1% of total supply. The increase in volume was driven by increased imports and generation from HPPs with PPAs.

Figure 6: Balancing electricity volume (TWh) and prices (USc/kWh)



Source: GNERC, ESCO, Geostat, Galt & Taggart

Figure 7: Composition of ESCO's balancing electricity volume, TWh



Source: ESCO, Galt & Taggart



News on the market

New generation capacities

New generation facilities: the 54.1 MW Mtkvari HPP and the 14.2 MW Chiora HPP were commissioned in test mode in 1Q25.

The demand for CFDs is high. 435 applications were submitted to the Ministry of Economy from those wishing to obtain contracts through direct negotiations (which were preceded by two capacity auctions), with a total installed capacity of 11.2 GW. The number of successful applications will be known in a few months.

Table 3: Projects submitted for approval

Plant type	Number of applications	Total capacity, GW
Hydro	133	0.75
Wind	61	4.2
Solar	241	6.2
Total	435	11.2

The winning companies will receive a contract for difference (CFD) for 15 years of operation. The CDF tariff for hydropower plants will be USc 6.5/kWh for 8 months per year, for wind plants USc 6.0/kWh for 9 months per year, and for solar power plants USc 5.6/kWh for a full year. For detailed information on how CFD works, see our overview [here](#) and [here](#).

Net-metering regulations

Power plants with installed capacity of less than 0.5 MW that fall under the net-metering regulations increased sharply by 45.8 MW y/y in 1Q25. 1,961 micro-power plants, with a total installed capacity of 189.6 MW benefited from the net metering regulation by the end of Mar-25, of which, 137.4 MW was connected to the EP Georgia's network, and 52.3 MW to the Telasi's network. Notably, the generation of these stations is subtracted from consumption and is not included in the total generation.

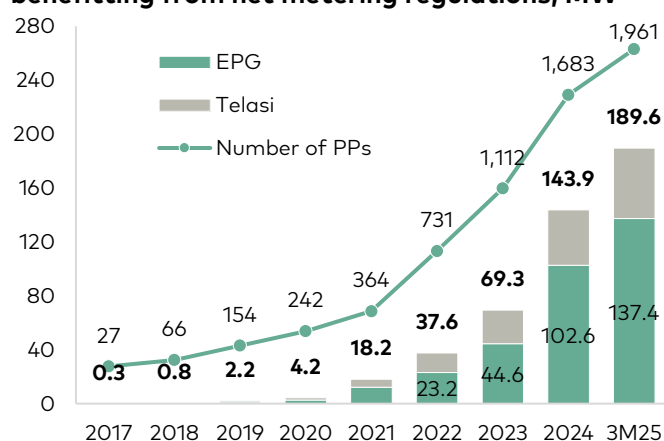
The limit set for net metering in the EPG network has been reached and new applications have been suspended.



Meanwhile, applications are still being accepted in the Telasi network and there is approximately 50-60 MW remaining until the limit is reached.

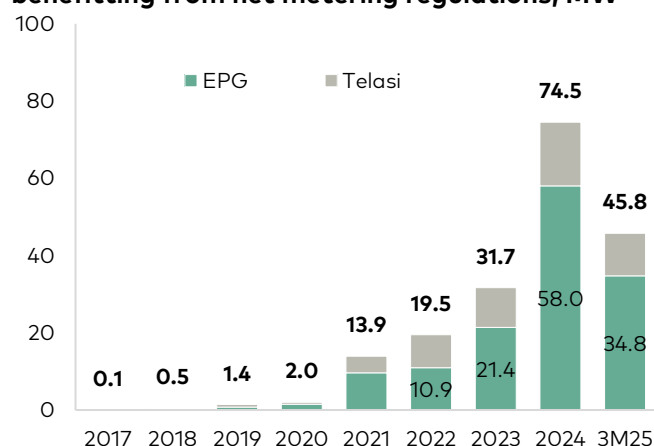
According to the network rules, the total capacity of power plants using net metering must not exceed 20.0% of the peak load of the specific distribution system operator in the previous year. This limit was initially set at 2.0% and has been gradually increased due to high demand. This time, GNERC does not plan to increase the limit and instead intends to switch to net billing regulation from 2027. What exactly this change entails will become known in the summer of 2025, when GNERC submits the first version of the regulation for public review. The Energy Union's recommendations related to net billing can be found [here](#).

Figure 8: Total capacity of micro power plants benefitting from net metering regulations, MW



Source: GNERC, Galt & Taggart

Figure 9: Capacity additions of micro power plants benefitting from net metering regulations, MW



Source: GNERC, Galt & Taggart

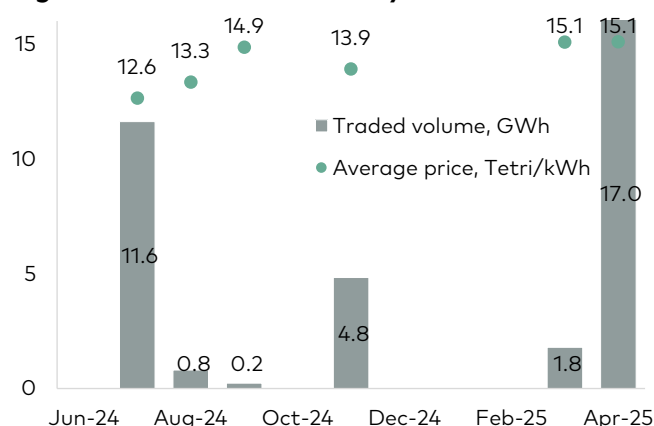
Energy exchange platform

Low amounts of electricity are traded on the day-ahead market. The energy exchange opened on July 1, 2024, and there are 21 registered users. Since the exchange opened, only 36.3 GWh has been sold through the energy exchange platform or just 0.1% of the total supply during this period. This volume is not sufficient to draw conclusions about price and supply trends.

In our opinion, day-ahead trading will only become more active once the country transitions to hourly settlement or an imbalance liability obligation arises. These changes are planned for Jul-25, although the likelihood of this happening is low.



Figure 10: Transactions on day-ahead market



Source: GENEX, Galt & Taggart

Change in regulated tariff

The Georgian Energy Regulatory Commission has changed the tariffs for **Enguri, Vardnili, and the Georgian State Electrosystem (GSE)** from January 1, 2025.

The GSE tariff has become 3.298 tetri/kWh, which is a 17.2% increase from 2.813 tetri the previous year. The new tariff is in effect from January 1, 2025, until the end of the year.

GNERC has set the **Enguri and Vardnili** tariffs in 2 parts:

- 1) From January 1, 2025 until the launch of the target market model, which is currently planned for July 1, the tariff will be 4.021 tetri/kWh for Enguri and 5.111 tetri/kWh for Vardnili.
- 2) From the launch of the target market model until the end of 2026, the kWh tariff will return to being - 2.412 tetri for Enguri and 3.067 tetri for Vardnili.

The reason for the change in the Enguri and Vardnili tariffs was a change in the regulations, according to which electricity supplied to Abkhazia was no longer included in the tariff calculations.

The above-mentioned changes will not affect retail (residential/business) tariffs this year.



Electricity Balance, TWh

	2019	2020	2021	2022	2023	2024	2025F
Domestic consumption, total	12,759	12,136	13,730	14,165	13,053	13,834	14,721
% change y/y	1.4%	-4.9%	13.1%	3.2%	-7.9%	6.0%	6.4%
Of which:							
Abkhazian Region	2,060	2,552	2,956	3,029	2,703	2,553	2,610
% change y/y	7.2%	23.9%	15.8%	2.5%	-10.8%	-5.6%	2.3%
Eligible consumers	2,864	2,438	3,554	3,726	2,779	3,142	3,832
% change y/y	59.6%	-14.9%	45.8%	4.8%	-25.4%	13.1%	21.9%
Retail consumption	7,835	7,146	7,219	7,411	7,572	8,139	8,279
% change y/y	-11.6%	-8.8%	1.0%	2.7%	2.2%	7.5%	1.7%
Domestic Generation, total	11,865	11,160	12,645	14,247	14,396	14,234	15,341
% change y/y	-2.3%	-5.9%	13.3%	12.7%	1.0%	-1.1%	7.8%
Of which:							
Thermal Power Plants	2,840	2,821	2,380	3,388	3,446	2,812	3,705
% change y/y	34.3%	-0.7%	-15.6%	42.4%	1.7%	-18.4%	31.8%
Wind Power Plants	85	91	83	87	86	78	85
% change y/y	0.5%	7.3%	-8.2%	5.0%	-1.6%	-9.9%	9.0%
Hydro Power Plants	8,940	8,248	10,182	10,771	10,863	11,344	11,551
% change y/y	-10.1%	-7.7%	23.4%	5.8%	0.9%	4.4%	1.8%
Foreign trade							
Import	1,627	1,610	2,006	1,533	790	1,228	748
% change y/y	7.8%	-1.0%	24.6%	-23.6%	-48.5%	55.4%	-39.1%
Export	243	154	391	971	1,468	1,047	674
% change y/y	-58.6%	-36.8%	154.2%	148.4%	51.2%	-28.7%	-35.6%
Trade balance	-1,383	-1,456	-1,615	-562	679	-180	-74
% change y/y	50.3%	5.3%	10.9%	-65.2%	-220.7%	-126.5%	-59.1%
Transit	272	204	1,135	2,933	3,444	1,074	
% change y/y	913.6%	-25.2%	457.8%	158.3%	17.4%	-68.8%	

Source: GNERC, Matsne, Galt & Taggart

Note: 2025F figures are based on MoESD 's forecasted annual balance of 2025

Price of electricity, USc/kWh

	2019	2020	2021	2022	2023	2024	2025F
Balancing price, selling	4.8	5.0	4.9	5.5	5.3	5.6	5.7
% change y/y	-5.4%	8.1%	-5.9%	17.0%	-6.2%	5.9%	1.8%
Average import price	4.8	4.0	2.4	2.7	0.1	1.9	
% change y/y	-5.4%	8.1%	-5.9%	17.0%	-6.2%	-	
Average export price	3.2	3.8	4.0	8.7	6.5	4.7	5.0
% change y/y	-5.4%	8.1%	-5.9%	17.0%	-6.2%	-27.9%	6.4%

Source: GNERC, Geostat, Galt & Taggart



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