Georgia's Electricity Market Watch

Summary of 9M25

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9M25 highlights

Supply: In 9M25, 11.5 TWh of electricity was supplied to the grid, out of which 10.4 TWh (-8.6% y/y) was local generation, and 1.1 TWh (+129.3% y/y) was imported. The decline in local generation was due to reduced output from both hydropower and thermal power plants. The choice between local TPP generation and imports was made based on price. Notably, 3 new solar power plants were connected to the grid in 3Q25.

Domestic electricity consumption was up by 2.2% y/y to 10.6 TWh in 9M25. The retail consumers showed the fastest growth in consumption at 4.6% y/y.

Export: The export season began in May and ended in July. In 9M25, export volume decreased to 0.5 TWh (-51.1% y/y), while the average export price dropped to 4.6 USc/kWh (-1.8% y/y) due to decreased Market Clearing Prices in Turkey. As a result, export revenues fell to US$ 23.5mn (-52.0% y/y).

Trade balance: Georgia remained a net importer of electricity in both value (US$ 7.8mn net imports) and volume (0.6 TWh net imports) terms in 9M25.

Electricity price: The wholesale electricity price increased by 4.4% y/y, reaching 5.8 USc/kWh. Power plants with PPAs continued to hold the largest share in balancing electricity generation.

The regulatory framework for micro-capacity power plants has been revised. Net metering has been replaced with a net billing mechanism, and the definition of a micro-capacity plant has been reduced up to 100 kW, down from 500 kW.

The Government has revoked memorandums for around 50 power plant projects. This marks the first step in its declared policy to modify the practice of holding rights over projects without real progress.

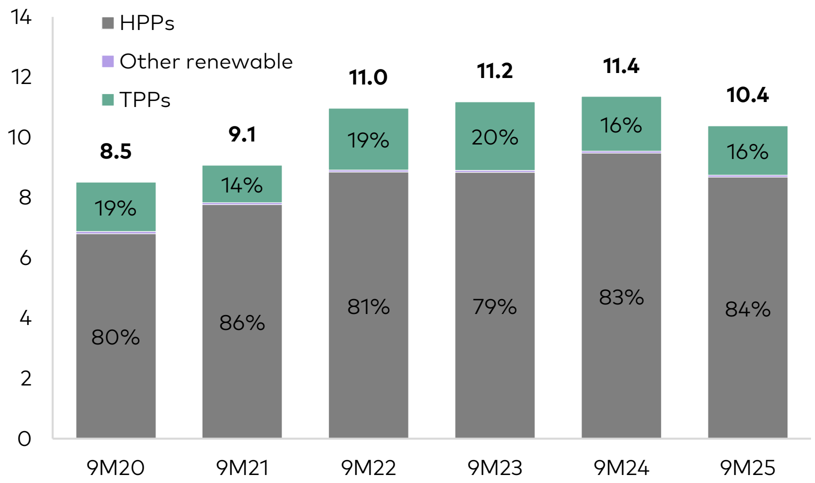
Electricity generation

Electricity generation in Georgia decreased by 8.6% y/y to 10.4 TWh in 9M25. This decline was mainly due to lower output from both hydropower and thermal sources:

- **Hydropower generation** fell by 8.5% y/y to 8.7 TWh, accounting for 83.6% of total generation. The decrease was driven by reduced output from regulated power plants, due to planned renovations on some of such HPPs, hydrological conditions and low starting level of water in Enguri reservoir.
- **Thermal generation** dropped significantly by 9.7% y/y, mainly due to reduced exports and increased imports.
- **WPPs and SPPs** generation reached 65 GWh, representing 0.6% of total supply.

Importantly, three solar power plants (SPPs) were connected to the grid in 3Q25, with a combined installed capacity of up to 10 MW. These include El-Habi's Kaspi Solar Plant and Alazani Solar's plants located in Khorsa and Gurjaani. These facilities represent the first industrial-scale solar power plants in Georgia.

Figure 1: Electricity generation, TWh



Source: ESCO, GSE, Galt & Taggart

Table 1: Electricity generation breakdown, 9M25

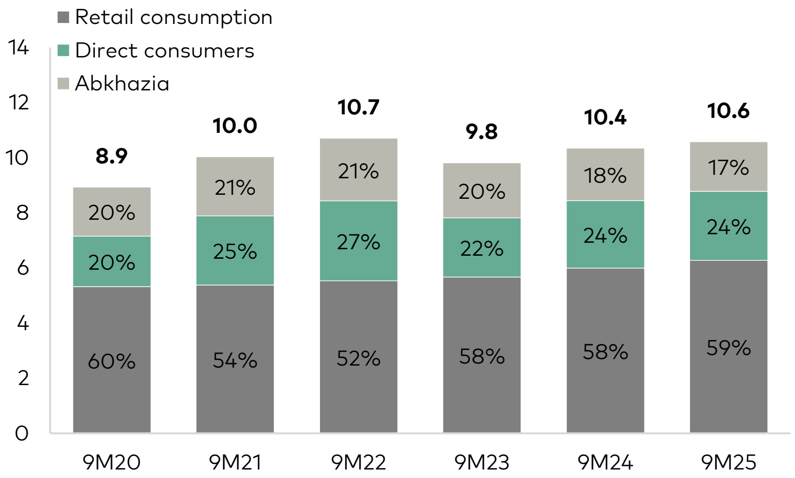
Supply source	Growth rate, y/y
Total generation	**-8.6%**
TPPs	-9.7%
WPPs and SPPs	+7.6%
HPPs Of which	-8.5%
Enguri and Vardnili	-17.2%
Other regulated HPPs	-51.8%
Deregulated HPPs	+28.9%

Electricity consumption

Electricity consumption was up by 2.2% y/y to 10.6TWh in 9M25.

The increase in electricity consumption in 9M25 was primarily driven by higher demand from retail consumers (+4.6% y/y) and direct consumers (+2.6% y/y), while consumption in the Abkhazia region declined by 5.7% y/y.

Figure 2: Electricity consumption by consumer groups, TWh



Source: GNERC, ESCO, GSE, Galt & Taggart

Table 2: Local demand growth breakdown, 9M25

Consumer	Growth rate, y/y
Domestic consumption	**+2.2%**
Abkhazian region	-5.7%
Direct Consumers	+2.6%
Retail consumption Of which:	+4.6%
EPG	+4.3%
Telmico	+5.0%

Source: ESCO, GSE, 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 from July 1, 2025 are: all companies connected at 35-110 kV voltages, and those connected at 6-10 kV voltages that consume at least 1 TWh per month.

Foreign trade of electricity

Export

The electricity **export volume** decreased by 51.1% y/y to 0.5 TWh in 9M25. The export season started in May and ended in July. Turkey remained the main export market, with an 78.5% share of exports. The decrease in exports was due to falling Turkish prices of electricity reducing exporter interest and decrease in local renewable generation. 10.3% of electricity was exported to Armenia, 9.8% to Azerbaijan and mere 1.4% to Russia.

The top 3 exporters in 2025 were: for Turkey Bookup Solutions, Adjara Energy 2007 and Georgian Urban Energy, while Cross Border Trading was the main exporter to Armenia.

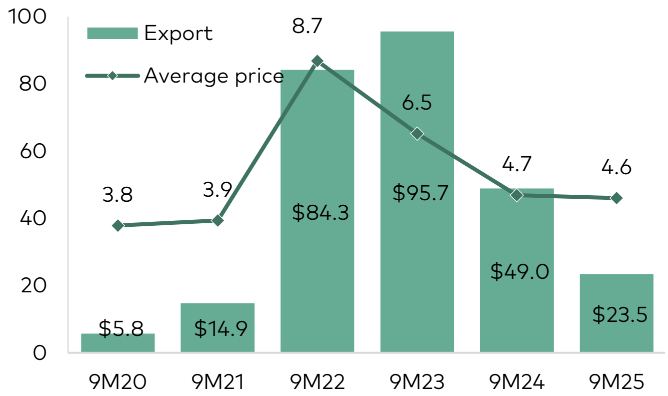
Notably, GSE supplied 52.6 GWh of electricity to Turkey, aimed at settling a historical debt with the country.

Export revenues fell sharply in 9M25, decreasing by 52.0% y/y to US$ 23.5mn. This drop was due to reductions in both export volume and price. The average export price declined by 1.8% y/y to 4.6 USc/kWh.

Transit

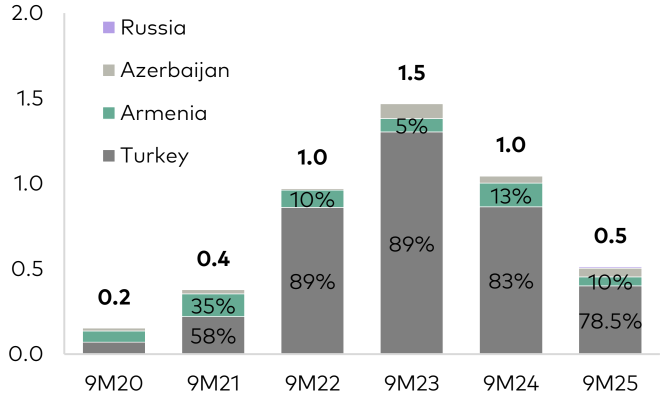
In 9M25, a total of 0.6 TWh of electricity was transmitted through Georgia to Turkey, with the majority (87.2%) originating from Azerbaijan and the remainder from Russia.

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



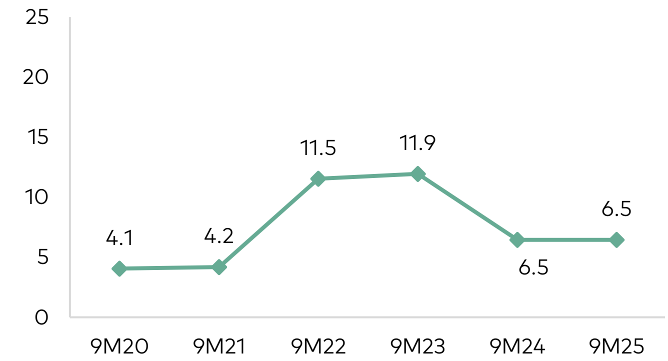
Source: ESCO, GSE, Geostat, Galt & Taggart

Figure 4: Electricity exports by destination, TWh



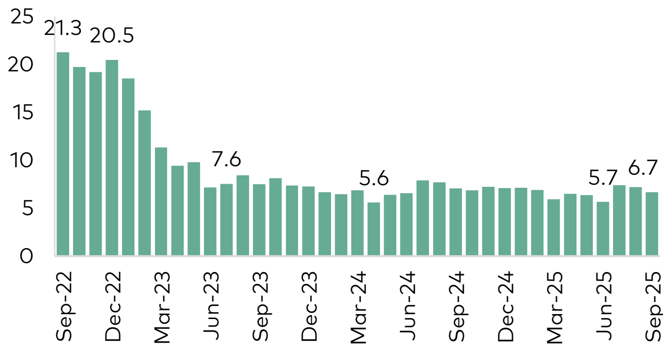
Source: ESCO, GSE, Geostat, Galt & Taggart

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



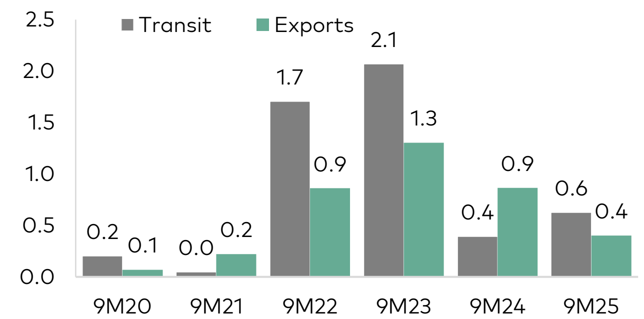
Source: EPIAS, EVDS, Galt & Taggart

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: ESCO, GSE, Galt & Taggart

Import

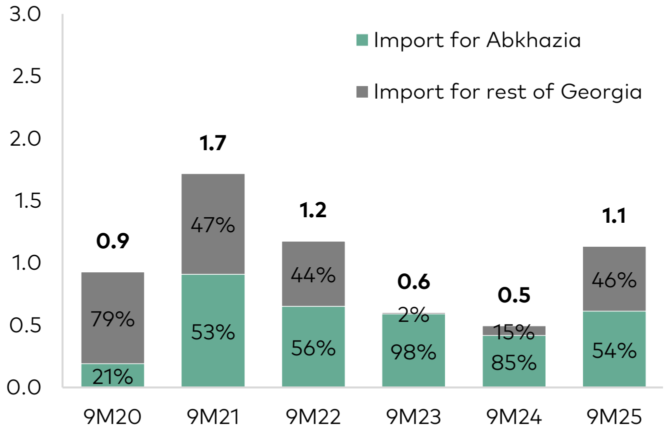
Electricity imports increased by 129.3% y/y to 1.1 TWh in 9M25. 59.4% of the imported electricity came from Russia, of which over 90% was directed to Abkhazian region.

Import value reached US$ 31.3mn in 9M25. Average price of imported electricity was 2.8 USc/kWh. Notably, the average price was significantly influenced by the "special price" of 0.1 USc/kWh offered by Russia for the Abkhazian region.

Trade balance

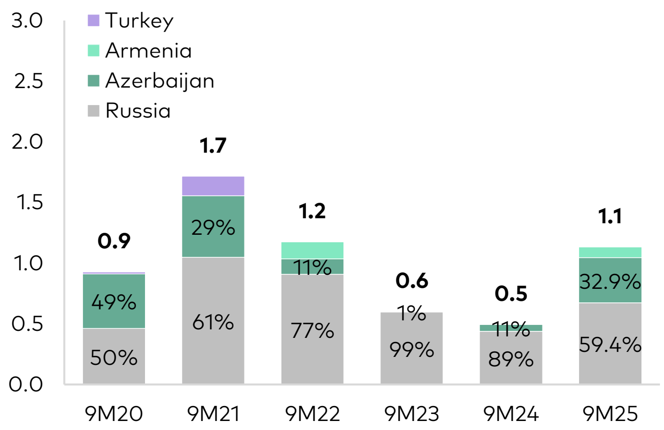
Georgia was a net importer of electricity in both value and volume terms with net electricity imports at US$ 7.8mn and 0.6 TWh in 9M25.

Figure 8: Electricity imports by usage, TWh



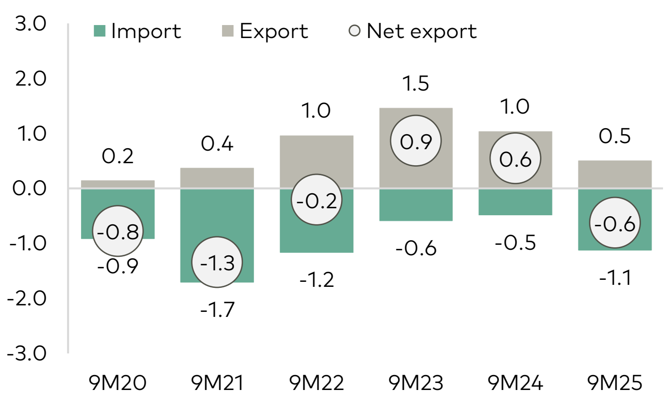
Source: GNERC, ESCO, GSE, Geostat, Galt & Taggart

Figure 9: Electricity imports by countries, TWh



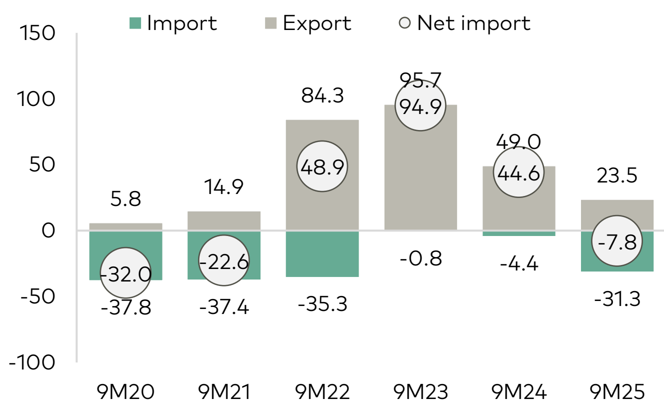
Source: GNERC, ESCO, GSE, Geostat, Galt & Taggart

Figure 10: Electricity trade, TWh



Source: GNERC, ESCO, GSE, Geostat, Galt & Taggart

Figure 11: Electricity trade, US$ mn



Source: GNERC, ESCO, GSE, Geostat, Galt & Taggart

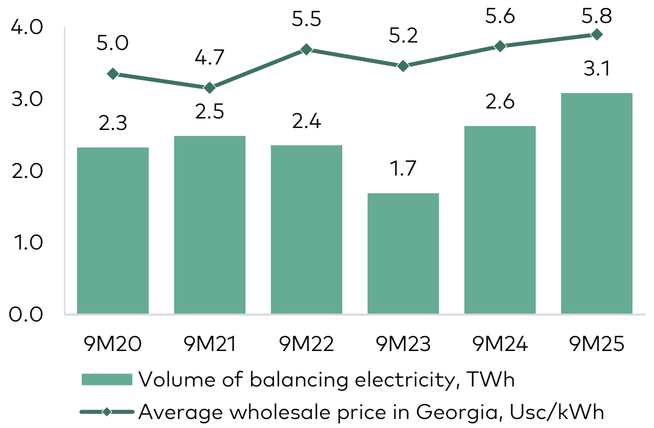
Electricity price in Georgia

Balancing electricity price

The average selling price of balancing electricity increased by 4.4% y/y to 5.8 USc/kWh.

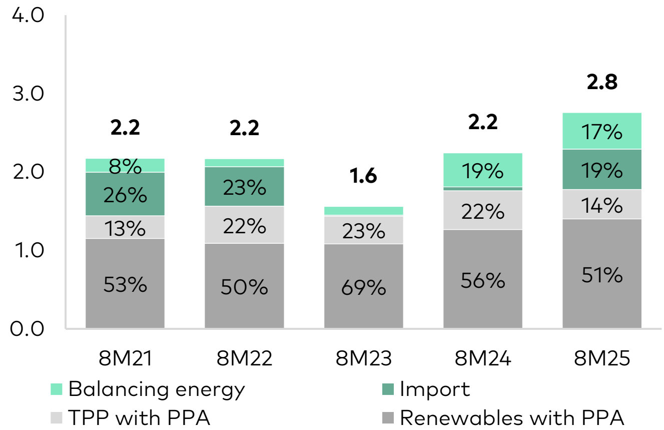
The volume of balancing electricity increased by 17.4% y/y to 3.1 TWh, accounting for 26.8% of the total supply. The growth in volume was mainly driven by an increase in imports and generation from PPA-based power plants. The latter is related to the commissioning of new plants, Khobi-2 and Mtkvari HPP in 2H24.

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



Source: GNERC, ESCO, Geostat, Galt & Taggart

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



Source: ESCO, Galt & Taggart

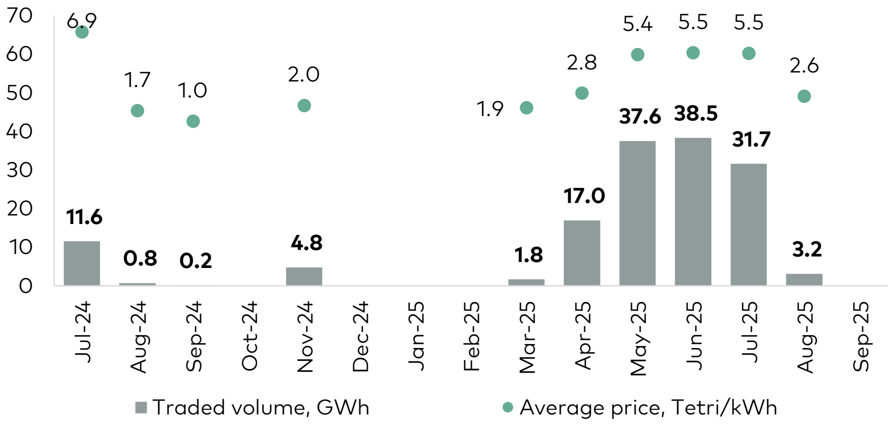
Energy exchange platform

In 9M25, 129.8 GWh, or only 1.1% of total supply, was sold through the **Energy Exchange platform**. The volume has increased significantly in recent months, but it is still insufficient for making qualified conclusions about prices and supply trends.

The growth in trading volume in May, June and July 2025 is related to the low prices in alternative markets, specifically, the ESCO's acquisition price during this period was 4.021 tetri per kWh (due to regulation).

We believe trading on the day-ahead market will become more active once the country transitions to hourly settlement. This shift is currently planned for July 2027.

Figure 14: Transactions on day-ahead market



Source: GENEX, Galt & Taggart

News on the market

Updated list of ongoing projects

The Government revoked memorandums for projects totaling 1,200 MW and suspended administrative proceedings for an additional 546 MW. In particular:

- **The revoked memorandums** were issued between 2018 and 2022 under various government decrees. The primary reasons for termination were investor inaction and material delays. Notably, none of these projects were benefitting from a PPA or CFD scheme.
- **Administrative proceedings were suspended for 30 projects (546MW)**. These were part of the 435 projects (totaling 11 GW) that had submitted proposals to the Ministry of Economy and Sustainable Development via direct negotiations to obtain a CFD memorandum. Review of these 30 projects was halted due to incomplete documentation. The remaining 405 projects (10.5 GW) will be assessed gradually by the Government, in our view.

This process is aligned with the Government's energy strategy, which aims to terminate memorandums for projects that fail to meet deadlines and impede the development of the country's energy potential. Such inactive projects complicate long-term electricity system planning and create unrealistic assumptions in the 10-year generation forecast. We expect this trend to continue, and by 2Q26 the list of projects under development to be fully updated, providing greater clarity on network expansion priorities and the country's strategic direction.

Significant Regulatory Changes for Micro-Capacity Power Plants

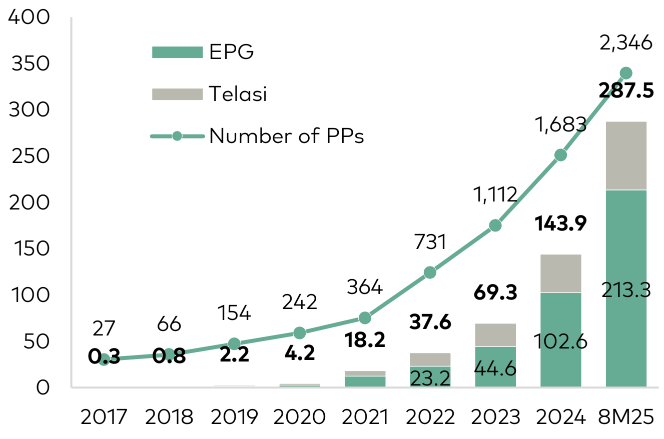
Important amendments have been introduced to the regulatory framework for micro-capacity power plants in Georgia:

- The official definition of a micro-capacity plant has been revised downward from ≤500 kW to ≤100 kW.
- Micro-capacity plants will no longer operate under net metering, but will transition to a net billing scheme, defined as follows:
  - Under the previous **net metering regime**, the amount of electricity consumed and generated was offset against each other on a **volume basis**.
  - Under the new **net billing approach**, electricity consumed and generated is accounted and priced hourly. At month-end, **the monetary value** of electricity purchased and sold is reconciled. The purchase price is determined by GNERC at the end-consumer tariff level (21–25 tetri for households and 28–32 tetri for businesses as of October 2025), while the sale price equals the distribution licensee's average weighted purchase cost (approximately 5–6 tetri).
- Timeline for transition to Net Billing:
  - Energo-Pro subscribers started transition from 1 October 2025, as the net metering capacity limit for this network has already been reached (20% of peak network load).
  - Telasi subscribers will transition from 1 January 2027, or earlier if Telasi reaches its limit beforehand.
- Micro plants already connected under net metering will retain their current regime until 1 January 2033, after which they will automatically migrate to net billing.
- Additional Compliance Requirement: All operational power plants must submit to GNERC an independent auditor's confirmation of actual installed capacity by 1 April 2026. This is intended to align GNERC's statistics with real capacity - current published figures are based on application data and may overstate actual utilization.

Expected market impact: We expect the growth pace of micro-capacity installations to slow down under the new rules. Future development will likely be driven mainly by bill reduction and energy self-consumption considerations, rather than commercial arbitrage.

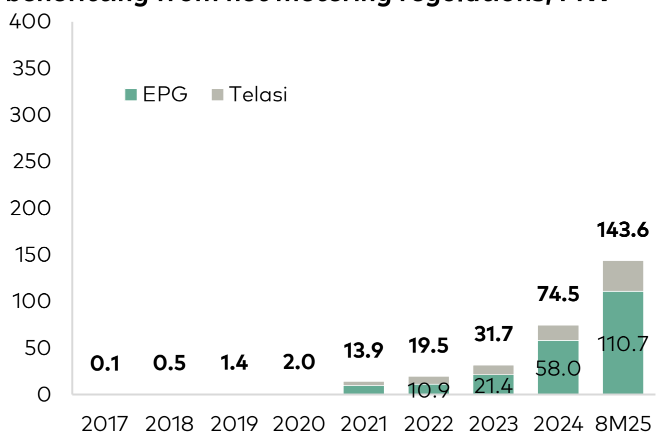
Current market snapshot: in 8M25, the total installed capacity of micro-capacity plants operating under net metering stood at 287.5 MW.

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

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**	**14,140**
% change y/y	*1.4%*	*-4.9%*	*13.1%*	*3.2%*	*-7.9%*	*6.0%*	*2.2%*
Of which:							
Abkhazian Region	2,060	2,552	2,956	3,029	2,703	2,553	2,405
% change y/y	*7.2%*	*23.9%*	*15.8%*	*2.5%*	*-10.8%*	*-5.6%*	*-5.8%*
Eligible consumers	2,864	2,438	3,554	3,726	2,779	3,142	3,223
% change y/y	*59.6%*	*-14.9%*	*45.8%*	*4.8%*	*-25.4%*	*13.1%*	*2.6%*
Retail consumption	7,835	7,146	7,219	7,411	7,572	8,139	8,512
% change y/y	*-11.6%*	*-8.8%*	*1.0%*	*2.7%*	*2.2%*	*7.5%*	*4.6%*
Domestic Generation, total	**11,865**	**11,160**	**12,645**	**14,247**	**14,396**	**14,234**	**13,362**
% change y/y	*-2.3%*	*-5.9%*	*13.3%*	*12.7%*	*1.0%*	*-1.1%*	*-6.1%*
Of which:							
Thermal Power Plants	2,840	2,821	2,380	3,388	3,446	2,812	2,635
% change y/y	*34.3%*	*-0.7%*	*-15.6%*	*42.4%*	*1.7%*	*-18.4%*	*-6.3%*
Wind Power Plants	85	91	83	87	86	78	90
% change y/y	*0.5%*	*7.3%*	*-8.2%*	*5.0%*	*-1.6%*	*-9.9%*	*16.0%*
Hydro Power Plants	8,940	8,248	10,182	10,771	10,863	11,344	10,636
% change y/y	*-10.1%*	*-7.7%*	*23.4%*	*5.8%*	*0.9%*	*4.4%*	*-6.2%*
Foreign trade							
Import	1,627	1,610	2,006	1,533	790	1,228	1,840
% change y/y	*7.8%*	*-1.0%*	*24.6%*	*-23.6%*	*-48.5%*	*55.4%*	*49.9%*
Export	243	154	391	971	1,468	1,047	511
% change y/y	*-58.6%*	*-36.8%*	*154.2%*	*148.4%*	*51.2%*	*-28.7%*	*-51.2%*
Trade balance	**-1,383**	**-1,456**	**-1,615**	**-562**	**679**	**-180**	**-1,329**
% change y/y	*50.3%*	*5.3%*	*10.9%*	*-65.2%*	*-220.7%*	*-126.5%*	*637.9%*
Transit	**272**	**204**	**1,135**	**2,933**	**3,444**	**1,074**	**951**
% change y/y	*913.6%*	*-25.2%*	*457.8%*	*158.3%*	*17.4%*	*-68.8%*	*-11.5%*

Source: GNERC, Matsne, Galt & Taggart

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	5.8
% 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	2.8
% change y/y	*-5.4%*	*8.1%*	*-5.9%*	*17.0%*	*-6.2%*	*1329%*	*44.3%*
Average export price	3.2	3.8	4.0	8.7	6.5	4.7	4.6
% change y/y	*-5.4%*	*8.1%*	*-5.9%*	*17.0%*	*-6.2%*	*-27.9%*	*-1.8%*

Source: GNERC, GSE, ESCO, Geostat, Galt & Taggart

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