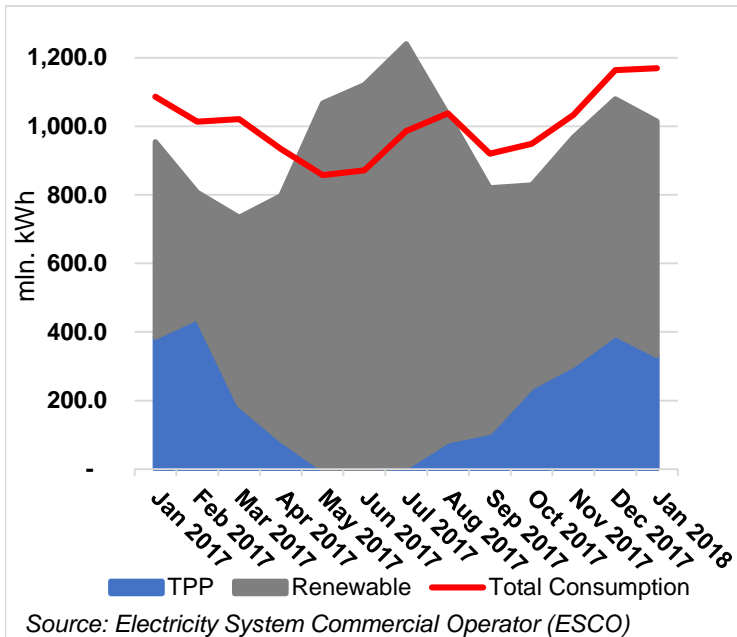




## 1. Electricity Generation – Consumption – Trade

**Figure 1. Electricity Consumption and Generation (mln. kWh)**



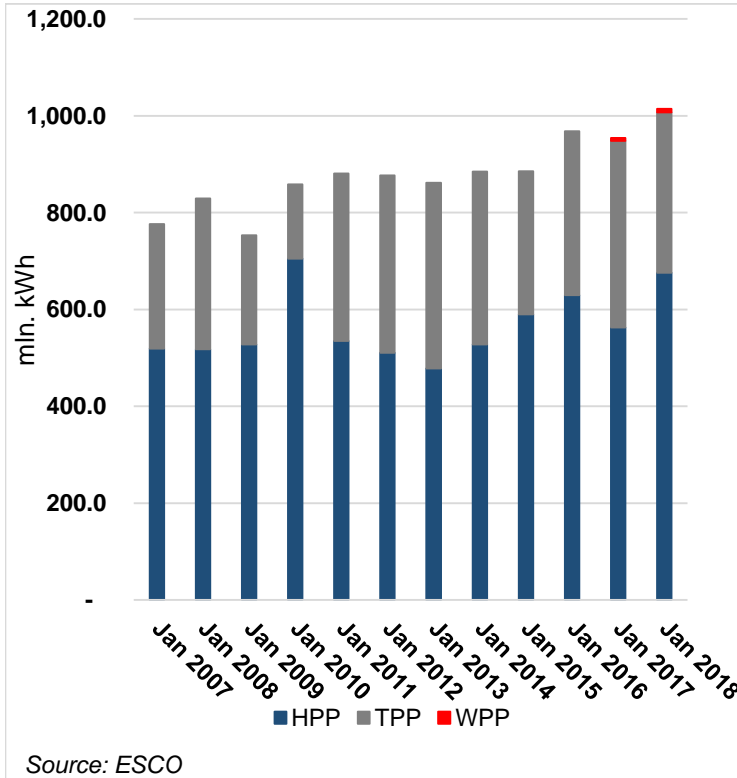
In January 2018, Georgian power plants generated 1,014 mln. kWh of electricity. This corresponds to a 6% increase in total generation, compared to the previous year (in 2017, total generation in January was 955.5 mln. kWh). The increase in generation on a yearly basis comes from increase in wind and hydro power generation (more details below).

On a monthly basis, generation decreased by 6% in December 2017 (total generation was 1,080 mln. kWh). The share of electricity produced by renewable sources increased marginally to 68% of total generation (683 mln kWh), while that of thermal power generation decreased in comparison to December 2017, accounting for 32% of total generation (331 mln. kWh).

Consumption of electricity on the local market was 1,170 mln. kWh (+8% compared to January 2017, and +1% with respect to December 2017). The gap between consumption and generation increased to 156 mln. kWh - 15% of the amount generated in January 2018 (compared to 84 mln kWh and 8% of total generation in December).

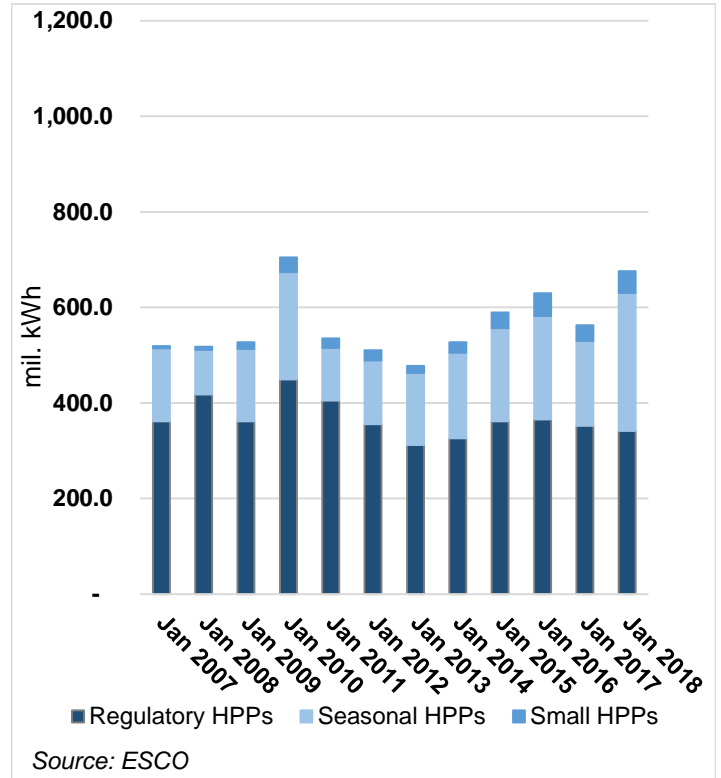
Among different sources of electricity, hydropower remained dominant. Specifically, in January 2018, hydropower (HPP) generation amounted to 676 mln. kWh (67% of total), wind power (WPP) was 7 mln. kWh (1% of total), and thermal power (TPP) was 331 mln. kWh (32% of total) (Figure 2). Among hydropower generators, large (regulatory) HPPs produced 51% (342 mln. kWh) of electricity, while seasonal and small HPPs produced 43% (289 mln. kWh) and 7% (45 mln. kWh), respectively (Figure 3).

**Figure 2. Electricity Generation by Sources (mln. kWh)**



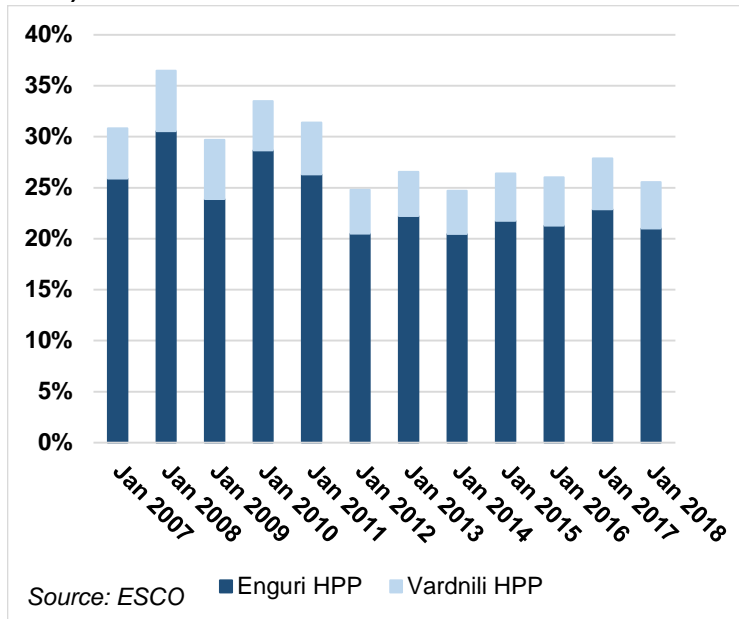
Among the bigger HPPs, Enguri and Vardnili generated the largest amounts of power, producing 213 mln. kWh and 46 mln. kWh, respectively - 26% of total generation (Figure 4). They also represent around 76% of generation for regulatory HPPs. Overall, compared to January 2017, power generation increased by 6% (Figure 5), due to a 17% increase in HPPs (while TPP generation decreased by 14%).

**Figure 3. HPP generation by type (mln. kWh)**

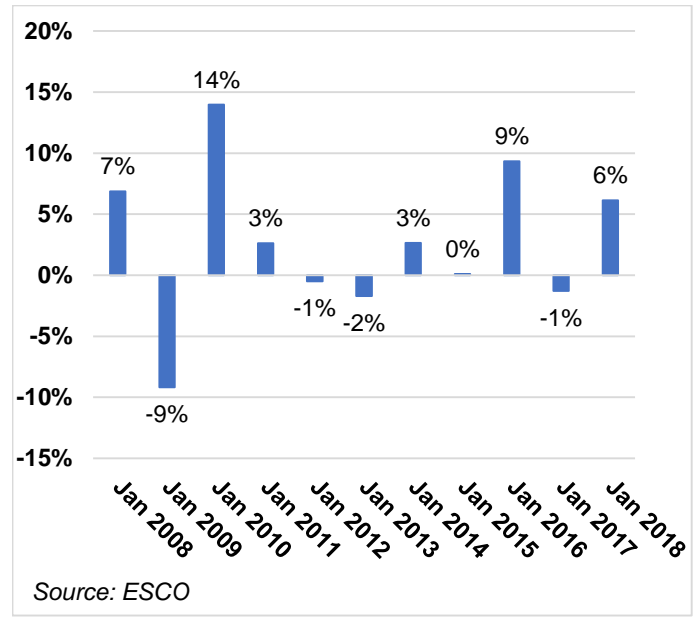




**Figure 4. Share of Enguri and Vardnili in total generation (mln. kWh)**

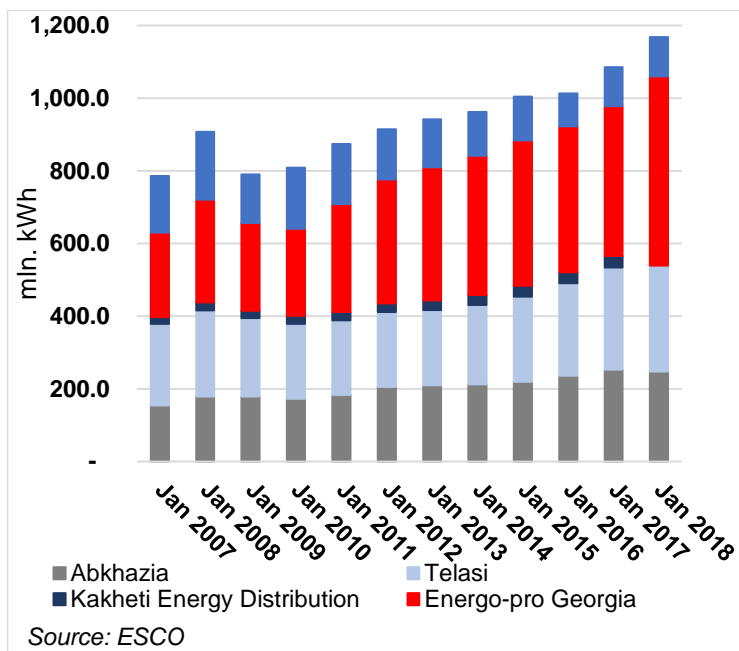


**Figure 5. Growth of generation (% y/y)**

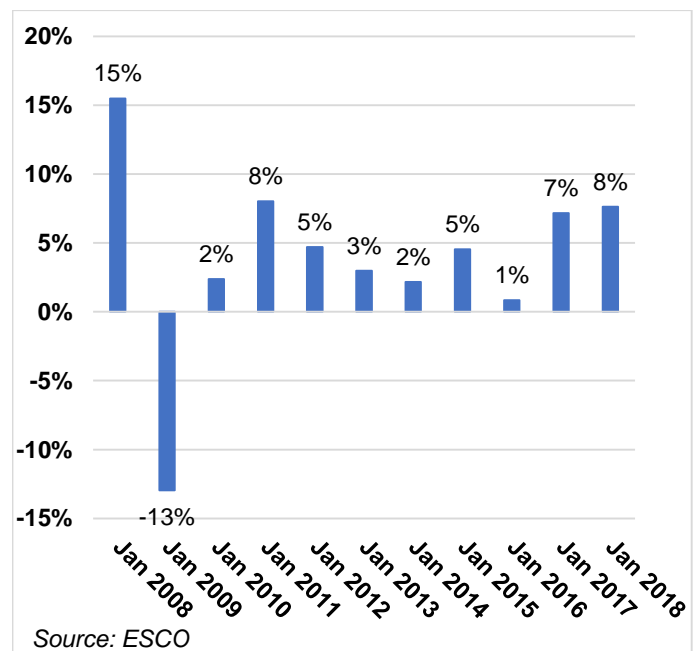


**Total electricity consumption** in Georgia came from: **Energo-Pro Georgia** (45% - 521 mln. kWh), **Telasi** (25% - 291 mln. kWh), **Abkhazia** (21% - 247 mln. kWh), and **direct customers** – 9% (108 mln. kWh) (Figure 6). Overall, the annual increase in electricity consumption was 8% in January 2018, compared to January 2017 (Figure 7). Annual demand increased from Energo-Pro Georgia by 17%, from Telasi by 4%, and from direct customers by 1%, while demand from Abkhazia decreased by 2%.

**Figure 6. Electricity Consumption by Type of Customer (mln. kWh)**



**Figure 7. Electricity consumption growth (% y/y)**



In January 2018, Georgia imported 202 mln. kWh of electricity (5.1¢/kWh – 13.06 tetri/kWh). 92% of this electricity was imported from Azerbaijan, 4% from Russia, and 4% from Armenia (Figure 8). The imports were again largest in the past two years. Similar to last month, in January 2018, Georgia did not export electricity (see Figure 9). In addition, in January 2018, transit was also absent.





Figure 8. Import (mln. kWh)

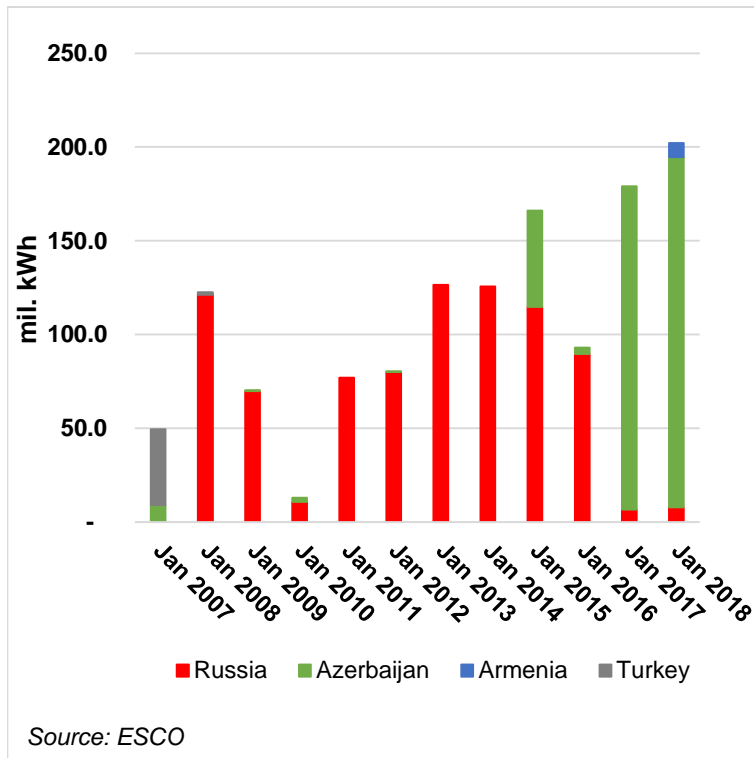
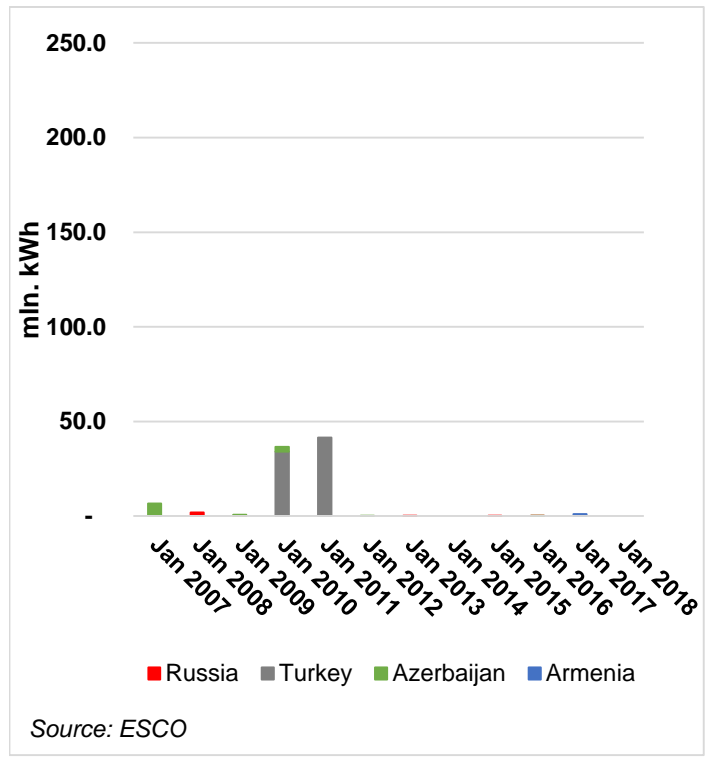


Figure 9. Export (mln. kWh)





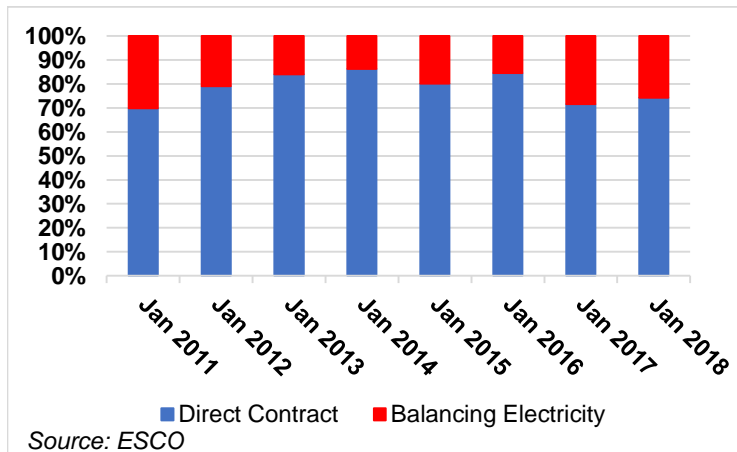
## 2. Market Operations

In January 2018, 74% (885 mln. kWh) of electricity sold on/from the local market was through direct contracts. The remaining 26% (307 mln. kWh) was sold as balancing electricity. **(Figure 11).**

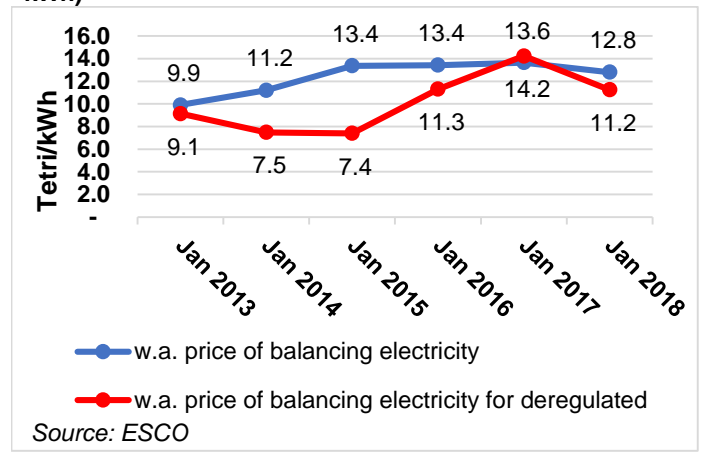
From the total electricity sold on the balancing market, 66% was imports, 4% was supplied by TPPs, 2% by WPP, and 28% by HPPs. Furthermore, from electricity sold with direct contracts, 35% was supplied by TPPs, and 65% by HPPs.

The weighted average price of balancing electricity was 18.8 tetri/kWh in January 2018, which is an annual decrease of 6%, compared to January 2017. As for the weighted average price for deregulated (small) HPPs, it reached 11.2 tetri/kWh **(Figure 12).**

**Figure 11. Electricity purchased / sold shares of direct contracts and balancing electricity**



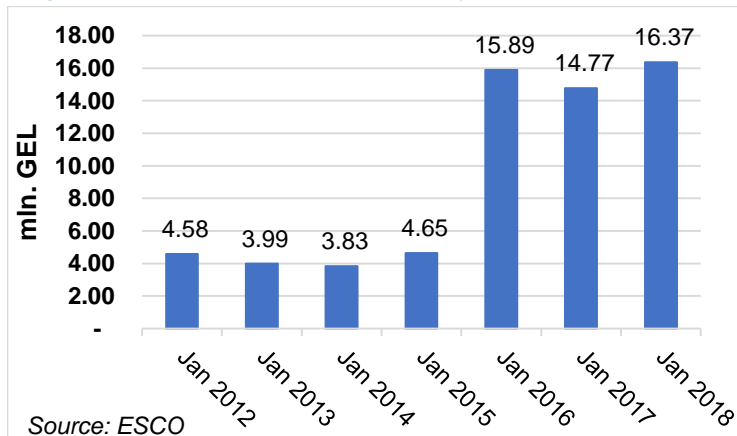
**Figure 12. Balancing electricity prices weighted average and weighted average price for deregulated HPPs (tetri / kWh)**



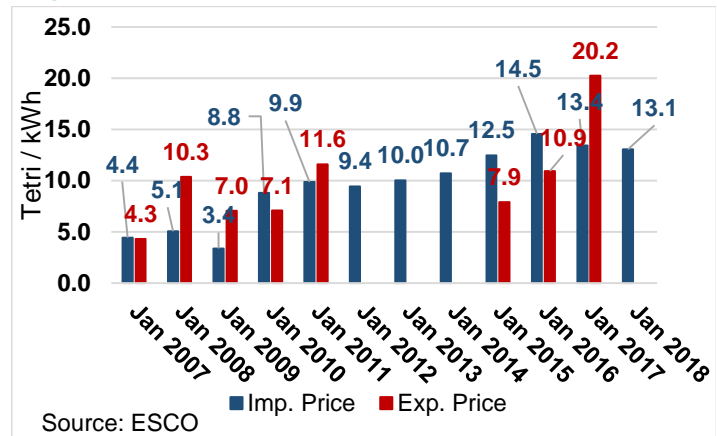
Guaranteed capacity payments in January 2018 were roughly 16.37 mln. GEL, an increase of 11% compared to January 2017 **(Figure 13)**. The increase is primarily caused by the new, higher guaranteed capacity tariffs for most TPPs (except #9 Energy Block). The higher cost of guaranteed capacity, compared to earlier years (2011-2015), is primarily caused by payments to the newly-built Gardabani TPP, which became operational in November 2015.

The average electricity import price in January 2018 decreased to 5.1 ¢ (13.06 tetri) per kWh, compared to same month in the previous year (a decrease of 3%).

**Figure 13. Cost of Guaranteed Capacity (mln. GEL)**



**Figure 14. Prices Import/Export (tetri/kWh)<sup>1</sup>**



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<sup>1</sup> Data is provided in US dollars and is converted to GEL using the average monthly exchange rate as reported by National Bank of Georgia

