Georgia's Electricity Market Watch - February 2026 update

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February 2026 update

February data indicate partial normalization of the energy balance after January's tight supply deficit, but continue to highlight Georgia's structural winter supply challenge

Electricity demand increased by 1.9% y/y to 1.3TWh in February 2026. Growth was driven mainly by direct consumers, particularly amid stronger activity in energy-intensive sectors, while consumption in the retail market and the Abkhazian region declined.

Hydropower generation rose by 51.9% y/y to 672GWh. In our view, this reflected both improved hydrological conditions and a low base effect. The growth of hydro generation resulted in decrease of thermal generation and imports, tough their cumulative share still remained at high level of 47%

In February 2026, domestic generation covered 78.2% of total electricity supply, while imports accounted for the remaining 21.8%. Hydropower met 52.8% of total demand, thermal generation covered 24.8%, and wind and solar plants contributed 0.6%.

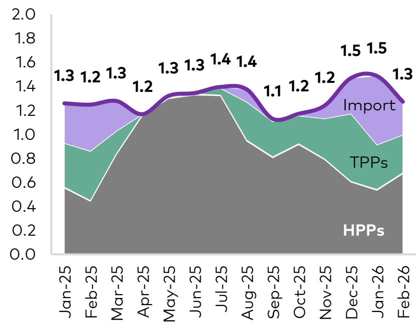
In overall, February's electricity balance points to a partial normalization after January's tight conditions and once again highlight Georgia's winter supply challenge.

Table 1: Balance of electricity, Feb-26

Balance item	TWh	Growth rate, y/y	Share in total
Total demand	**1.3**	**+1.9%**	**100%**
Local consumption	1.2	+1.9%	96%
Export	0.006	NA	1%
Losses	0.04	-10.7%	3%
Total supply	**1.3**	**+1.9%**	**100%**
Local Generation	1.0	+15.8%	78%
Import	0.3	-28.6%	22%

Source: ESCO, Galt & Taggart

Figure 1: Supply of electricity, TWh



Source: ESCO, Galt & Taggart

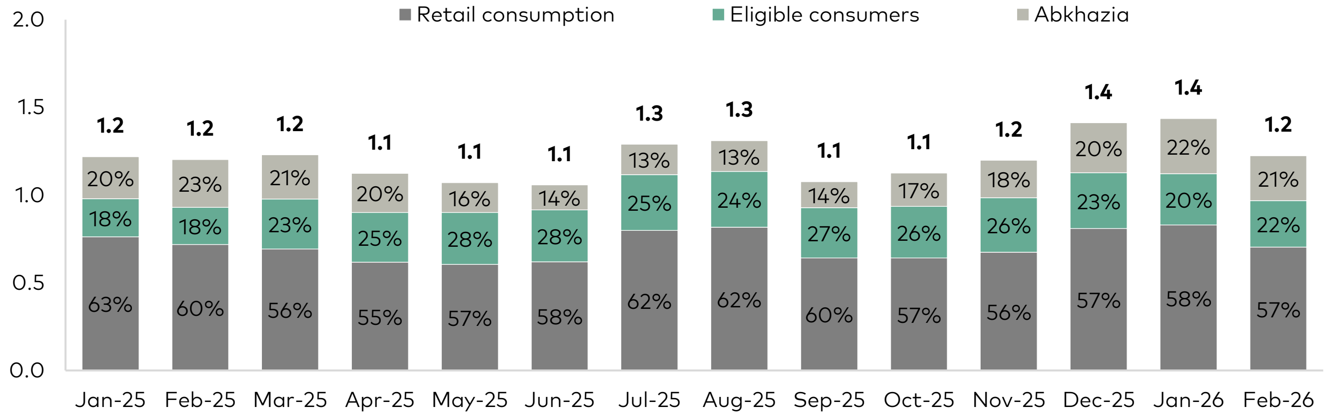
Electricity Consumption: growth was concentrated in direct consumers

Local electricity consumption totaled 1.3TWh in February, up 1.9% y/y. Growth was fully driven by direct consumers, while the other two major consumer categories posted declines:

- Consumption in the Abkhazian region fell by 5.7% y/y
- Retail market consumption declined by 2.2% y/y
- Direct consumer demand increased by 25.8% y/y.

In our view, weaker retail demand likely reflected milder weather conditions, while the strong increase in direct consumption points to higher activity in energy-intensive industries, including ferroalloy plants and data centers.

Figure 2: Profile of electricity consumption by consumer groups, TWh



Source: ESCO, 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-26 to include more companies.

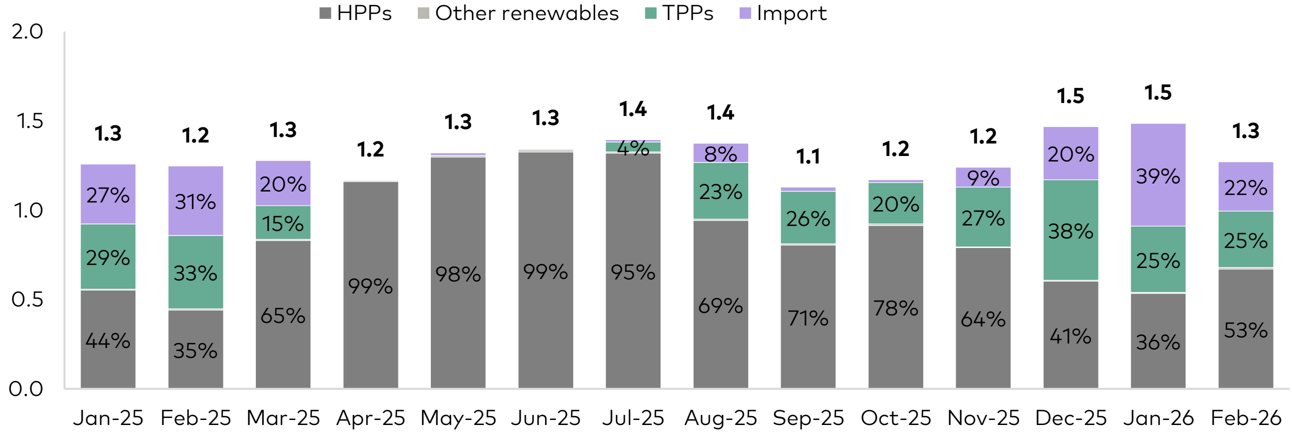
Electricity Generation: increased hydrogeneration reduced the need for imports and thermal output, but still at high level of 47%

Abundant precipitation in January improved hydrological conditions in February, resulting in a 51.9% y/y increase in HPP generation. Growth was recorded across all categories, with a particularly notable rise at Enguri HPP (+97.3% y/y), where the increase was amplified by a low base effect.

Additionally, in February 2026, wind and newly commissioned solar power plants accounted for 1.0% of total electricity supply.

Higher renewable generation led to a decline in both thermal generation (-23.3% y/y) and electricity imports (-28.6% y/y) in February. Nevertheless, the combined share of imports and thermal generation in total supply remained elevated at 47%, highlighting the continued need for additional domestic generation during the winter months.

Figure 3: Electricity generation and import, TWh



Source: ESCO, Galt & Taggart

Electricity imports: Volumes normalized and sourcing shifted back to traditional partners

Electricity imports declined by 28.6% y/y to 0.3TWh in February, with import value declining to US$ 7.4mn (-33.7% y/y). The reduction was primarily driven by stronger hydro generation, which lowered the need for external supply.

In February, imports were sourced mainly from traditional suppliers - Russia and Azerbaijan. This suggests that the unusual import structure observed in January (Turkey, Armenia, Russia) was likely a short-term development.

Russia accounted for 70.1% of total imports in February 2026, including 46.8% concessional supply to Abkhazia and 23.3% commercial imports. Azerbaijan's share stood at 29.4%, while Turkey accounted for a marginal 0.5%.

The average import price declined by 6.5% y/y to USc 2.7/kWh. The average price of electricity imported from Azerbaijan was USc 5.8/kWh, while the price of commercial imports from Russia (excluding supply to Abkhazia) averaged at USc 4.1/kWh.

The average import price increased to 3.8 USc/kWh (+49.3% y/y), while the commercial price excluding subsidized volumes stood at 6.3 USc/kWh (+5.2% y/y).

Figure 4: Import of electricity, TWh

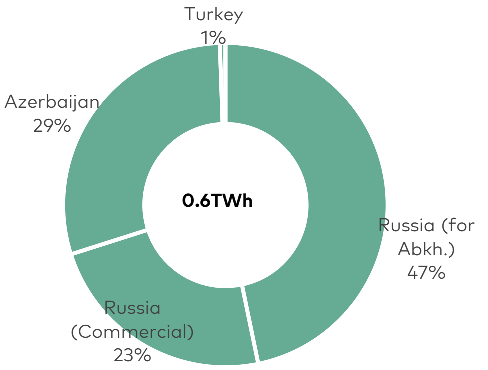


Figure 5: Import of electricity, US$

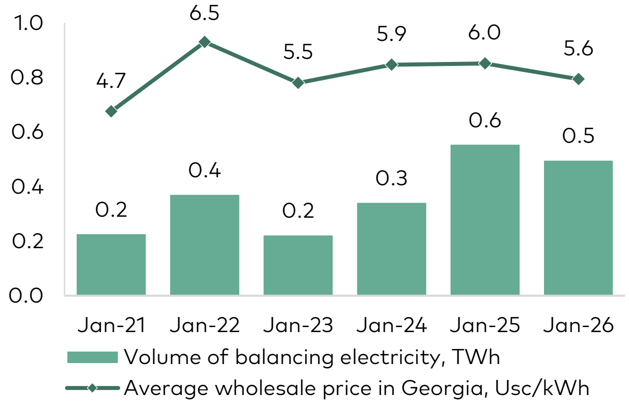
Source: ESCO, Geostat, Galt & Taggart

Wholesale and Balancing Market Dynamics

The average selling price of balancing electricity decreased by 6.8% y/y to 5.6 USc/kWh in February 2026.

Balancing volumes decreased by 10.4% y/y to 0.5 TWh, accounting for 39.1% of total supply.

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



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

Electricity Balance, TWh

	2020	2021	2022	2023	2024	2025	2026F
Domestic consumption, total	**12,136**	**13,730**	**14,165**	**13,053**	**13,834**	**14,317**	**14,978**
% change y/y	*-4.9%*	*13.1%*	*3.2%*	*-7.9%*	*6.0%*	*3.5%*	*4.6%*
Of which:							
Abkhazian Region	2,552	2,956	3,029	2,703	2,553	2,486	2,642
% change y/y	*23.9%*	*15.8%*	*2.5%*	*-10.8%*	*-5.6%*	*-2.6%*	*6.3%*
Eligible consumers	2,438	3,554	3,726	2,779	3,142	3,430	3,765
% change y/y	*-14.9%*	*45.8%*	*4.8%*	*-25.4%*	*13.1%*	*9.2%*	*9.8%*
Retail consumption	7,146	7,219	7,411	7,572	8,139	8,401	8,571
% change y/y	*-8.8%*	*1.0%*	*2.7%*	*2.2%*	*7.5%*	*3.2%*	*2.0%*
Domestic Generation, total	**11,160**	**12,645**	**14,247**	**14,396**	**14,234**	**13,838**	**14,522**
% change y/y	*-5.9%*	*13.3%*	*12.7%*	*1.0%*	*-1.1%*	*-2.8%*	*4.9%*
Of which:							
Thermal Power Plants	2,821	2,380	3,388	3,446	2,812	2,767	2,696
% change y/y	*-0.7%*	*-15.6%*	*42.4%*	*1.7%*	*-18.4%*	*-1.6%*	*-2.6%*
Wind Power Plants	91	83	87	86	78	84	104
% change y/y	*7.3%*	*-8.2%*	*5.0%*	*-1.6%*	*-9.9%*	*8.3%*	*24.2%*
Hydro Power Plants	8,248	10,182	10,771	10,863	11,344	10,987	11,721
% change y/y	*-7.7%*	*23.4%*	*5.8%*	*0.9%*	*4.4%*	*-3.2%*	*6.7%*
Foreign trade							
Import	1,610	2,006	1,533	790	1,228	1,558	1,975
% change y/y	*-1.0%*	*24.6%*	*-23.6%*	*-48.5%*	*55.4%*	*26.9%*	*26.8%*
Export	154	391	971	1,468	1,047	511	875
% change y/y	*-36.8%*	*154.2%*	*148.4%*	*51.2%*	*-28.7%*	*-51.2%*	*71.2%*
Trade balance	**-1,456**	**-1,615**	**-562**	**679**	**-180**	**-1,046**	**-1,100**
% change y/y	*5.3%*	*10.9%*	*-65.2%*	*-220.7%*	*-126.5%*	*480.8%*	*5.2%*
Transit	**204**	**1,135**	**2,933**	**3,444**	**1,074**	**665**	
% change y/y	*-25.2%*	*457.8%*	*158.3%*	*17.4%*	*-68.8%*	*-38.1%*	

Source: GNERC, ESCO, Matsne, Galt & Taggart
Note: 2026F figures are based on MoESD 's forecasted annual balance of 2025

Price of electricity, USc/kWh

	2020	2021	2022	2023	2024	2025	2026F
Balancing price, selling	5.0	4.9	5.5	5.3	5.6	5.8	5.9
% change y/y	*8.1%*	*-5.9%*	*17.0%*	*-6.2%*	*5.9%*	*4.1%*	*0.8%*
Average import price	4.0	2.4	2.7	0.1	1.9	3.1	3.5
% change y/y	*-17.0%*	*-40.4%*	*14.1%*	*-95.1%*	*1328.9%*	*60.4%*	*14.0%*
Average export price	3.8	4.0	8.7	6.5	4.7	4.6	4.8
% change y/y	*8.1%*	*-5.9%*	*17.0%*	*-6.2%*	*-27.9%*	*-2.0%*	*3.4%*

Source: GNERC, ESCO, Geostat, Galt & Taggart

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