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Georgia's Electricity Market Watch - January 2026 update

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January 2026 update

Winter demand surge exposes structural seasonality and reinforces need for winter-resilient capacity

Georgia's electricity sector entered 2026 with a sharp demand growth that required record-high imports, once again revealing structural imbalances in the seasonal supply-demand profile.

Electricity consumption increased by 17.8% y/y to 1.4 TWh in January 2026, driven by colder-than-usual weather, heavy snowfall, and higher energy-intensive industrial activity, particularly in ferro-alloy production and data mining.

In contrast, domestic generation declined by 1.5% y/y to 0.9 TWh. Hydro output fell 3.3% y/y overall, although Enguri-Vardnili generation surged by 85.0% y/y due to a low base effect. Thermal generation increased modestly (+1.3% y/y), only partially offsetting weaker hydro output. Newly commissioned solar plants contributed just 0.1% of total generation.

The resulting supply gap led to a sharp increase in electricity imports, underscoring persistent winter supply vulnerabilities.

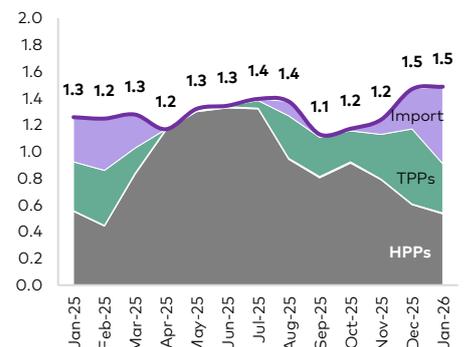
In our view, this episode again highlights the structural need for generation assets with strong winter profiles, notably reservoir-based hydropower plants and wind power plants, the rationale for which is discussed in detail in our research [here](#).

Table 1: Balance of electricity, Jan-26

Balance item	TWh	Growth rate, y/y	Share in total
Total demand	1.5	+18.2%	100%
Local consumption	1.4	+17.8%	97%
Export	-	-	-
Losses	0.05	+28.8%	3%
Total supply	1.5	+18.2%	100%
Local Generation	0.9	-1.5%	61%
Import	0.6	+72.3%	39%

Source: ESCO, Galt & Taggart

Figure 1: Supply of electricity, TWh



Source: ESCO, Galt & Taggart



Balance of electricity: record high imports accounting for 39% of total supply

Total electricity demand reached 1,486 GWh in January 2026 (+18.2% y/y). Local generation covered 61% of supply, while imports accounted for 39%.

Electricity imports surged 72.3% y/y to 0.6 TWh. Total import value reached a record US\$ 22.5mn (+157.2% y/y).

January featured an unusual import mix, with no volumes sourced from Azerbaijan, traditionally Georgia's key supplier, and supply instead coming from Russia, Turkey and Armenia. The import structure shifted notably:

- Russia accounted for 67.5% of total import volumes (including subsidized supply to the Abkhazian region)
- Turkey supplied 20.6%
- Armenia supplied 11.0%

In our view, this shift reflected a combination of technical and system security considerations, interconnection constraints, and regional gas market dynamics, as Azerbaijan increased gas exports to Europe, potentially limiting availability for power generation. As a result, imports were diversified toward Russia, Turkey and Armenia to maintain system balance.

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 2: Import of electricity, TWh

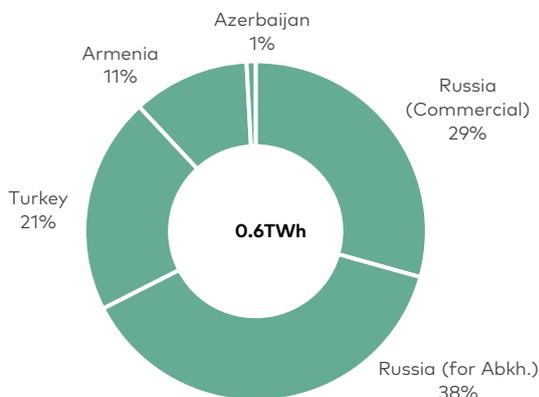


Figure 3: Import of electricity, US\$



Source: ESCO, Geostat, Galt & Taggart



Electricity Consumption: Growth Across All Segments

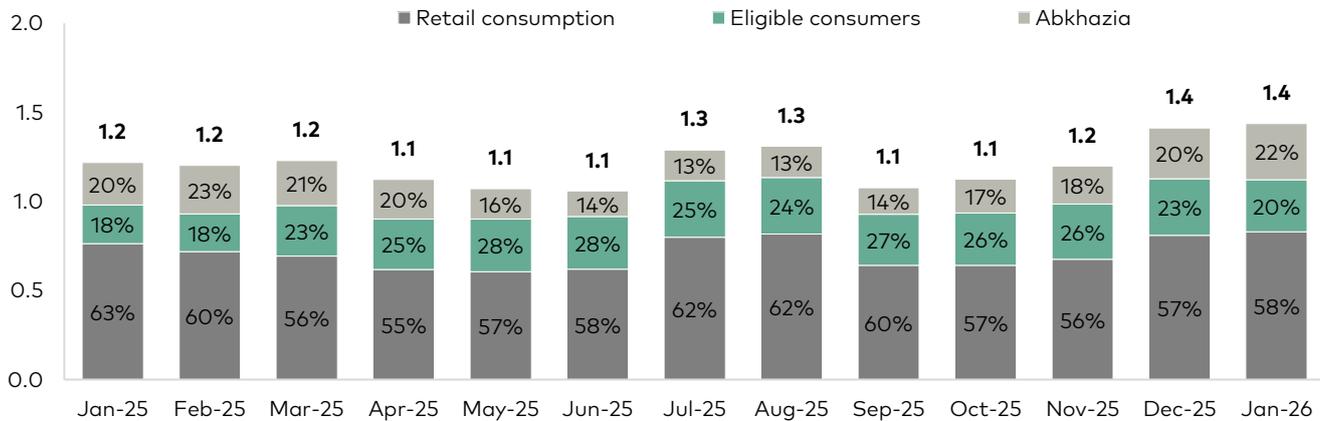
Local electricity consumption increased 17.8% y/y to 1.5 TWh in January 2026.

Growth was recorded across all segments:

- Abkhazian region: +31.6% y/y
- Direct consumers: +34.7% y/y
- Retail consumption (EP Georgia Supply and Telmico): +8.7% y/y

The surge reflects both weather-related heating demand and higher energy-intensive industrial activity. The increasing share of direct consumers suggests rising participation ferro-alloy production and data mining.

Figure 4: 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.



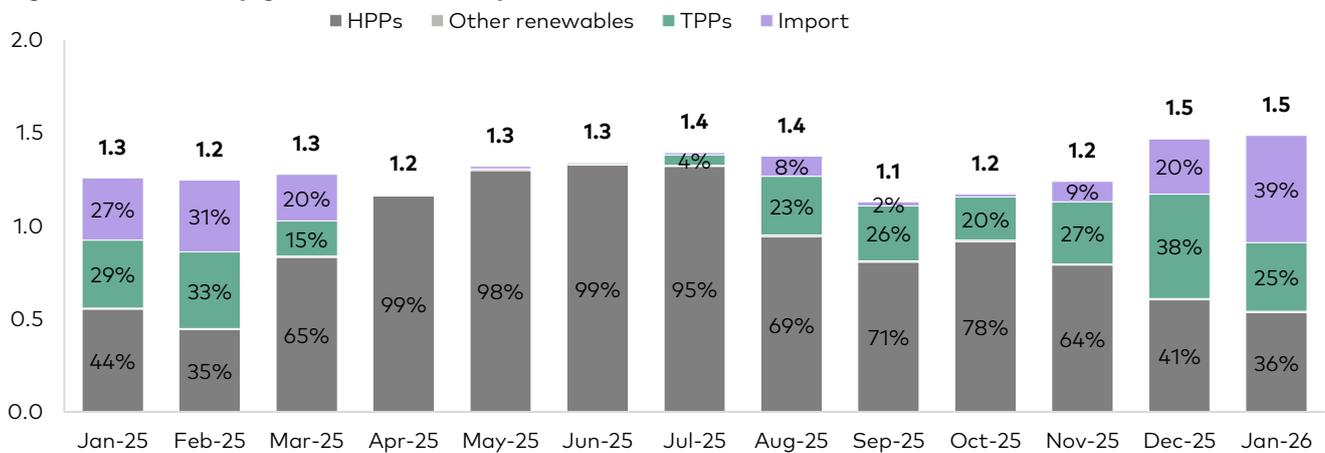
Electricity Generation: Hydro Weakness Persists

Total generation reached 910 GWh (-1.5% y/y), with following breakdown:

- Thermal power plants: 370 GWh (+1.3% y/y)
- Hydropower plants: 534 GWh (-3.3% y/y), of which:
 - Enguri and Vardnili: +85.0% y/y
 - Other regulated HPPs: -21.9% y/y
 - Deregulated HPPs: -4.8% y/y
- Wind and solar plants: 6 GWh (-2.6% y/y)

Despite Enguri-Vardnili's recovery from a low base, other hydro assets underperformed, confirming ongoing winter seasonality challenges. Renewable capacity additions remain insufficient to materially alter the seasonal supply mix.

Figure 5: Electricity generation and import, TWh



Source: ESCO, Galt & Taggart

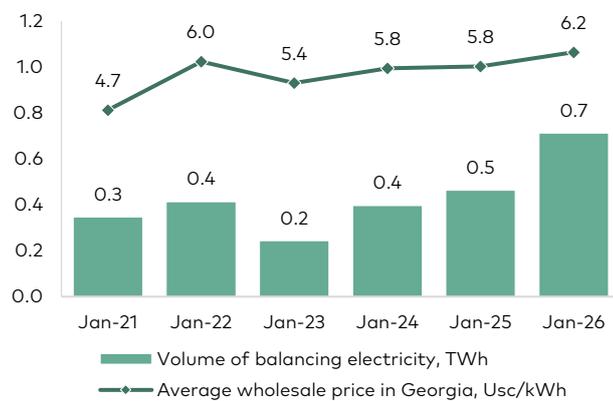


Wholesale and Balancing Market Dynamics

The average selling price of balancing electricity increased by 6.2% y/y to 6.2 USc/kWh in January 2026.

Balancing volumes surged 53.4% y/y to 0.7 TWh, accounting for 49% of total supply.

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



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

Regulatory Developments: Penalty Write-Off Framework

On 9 February, the Government of Georgia introduced a framework allowing the write-off of accumulated penalties for power plant developers (estimated at c. GEL 1.0bn). Developers have until 16 March to apply for conditional waivers and revised project timelines.

This measure could streamline the project pipeline, improve the accuracy of generation forecasts, and support more efficient transmission infrastructure planning.



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
<i>% change y/y</i>	-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
<i>% change y/y</i>	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
<i>% change y/y</i>	-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
<i>% change y/y</i>	-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
<i>% change y/y</i>	-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
<i>% change y/y</i>	-0.7%	-15.6%	42.4%	1.7%	-18.4%	-1.6%	-2.6%
Wind Power Plants	91	83	87	86	78	84	104
<i>% change y/y</i>	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
<i>% change y/y</i>	-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
<i>% change y/y</i>	-1.0%	24.6%	-23.6%	-48.5%	55.4%	26.9%	26.8%
Export	154	391	971	1,468	1,047	511	875
<i>% change y/y</i>	-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
<i>% change y/y</i>	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	
<i>% change y/y</i>	-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
<i>% change y/y</i>	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
<i>% change y/y</i>	-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
<i>% change y/y</i>	8.1%	-5.9%	17.0%	-6.2%	-27.9%	-2.0%	3.4%

Source: GNERC, ESCO, Geostat, Galt & Taggart



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