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Georgia's Electricity Market Watch - September 2026 update

20 October 2026



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September 2026 highlights

Higher hydropower generation reduced thermal output and imports

In September 2026, domestic electricity consumption grew 1.5% y/y to 1.1 TWh. Favorable hydrological conditions supported an 8.3% y/y increase in hydropower generation despite technical disruptions at Enguri HPP. Renewables accounted for 77.5% of total supply, up from 71.9% in Sep-25, while thermal generation and imports declined by 15.4% and 68.4% y/y, respectively. Net-metered generation lowered electricity consumption reported in official statistics: real growth of electricity was 3.3% instead of 1.5% in official statistics (see page 3 for details).

9M26 results highlight seasonal challenges

Electricity consumption increased by 2.6% y/y to 10.9 TWh in 9M26. Growth was stronger early in the year and slowed over the summer, largely due to weather conditions. Exports of Georgian electricity to Turkey fell by 51.1% y/y, reflecting lower electricity prices and higher generation in Turkey. As a result, total demand for Georgian electricity declined by 0.2% y/y.

The 9M26 supply mix reflects the seasonal pattern of hydropower and hydrological conditions in 2025-26. Renewables accounted for 36% of total supply in Jan-26 and 98% in Jun-26. Low demand in May-July also led to generation curtailments, estimated at a total of 0.5 TWh. In 9M26, renewables met 74.2% of electricity demand, while the remaining 25.8% was supplied through imports and thermal generation fueled by imported natural gas (vs 24.1% in 9M25).

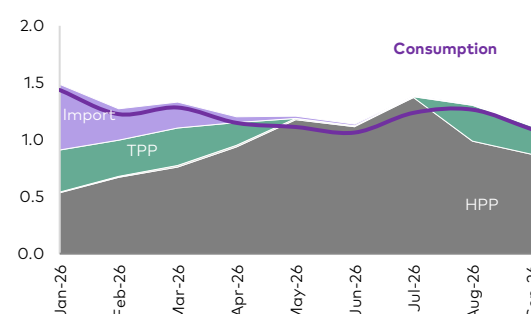
9M26 results highlight the need to reassess sector policy. In our view, investment support should reflect power system needs, prioritizing projects by their generation profile and contribution to system reliability. CFD terms and tariffs should reflect these priorities.

Table 1: Balance of electricity, September-26

Balance item	TWh	Growth rate, y/y	Share in total, %
Total demand	1.14	+0.9%	100%
Local consumption	1.09	+1.5%	95.8%
Export	0.01	+23.7%	0.6%
Losses	0.04	-14.6%	3.5%
Total supply	1.14	+0.9%	100%
Hydro Generation	0.87	+8.3%	76.5%
Wind Generation	0.01	+40.7%	0.9%
Solar Generation	0.001	+148.1%	0.2%
Thermal generation	0.25	-15.4%	21.8%
Import	0.01	-68.4%	0.6%

Source: ESCO, Galt & Taggart

Figure 1: Electricity demand-supply, 9M26, TWh



Source: ESCO, Galt & Taggart

Table 2: Balance of electricity, 9M26

Balance item	TWh	Growth rate, y/y	Share in total, %
Total demand	11.5	-0.2%	100%
Local consumption	10.9	+2.6%	94.5%
Export	0.3	-51.1%	2.2%
Losses	0.4	-9.0%	3.4%
Total supply	11.5	-0.2%	100%
Hydro Generation	8.4	-3.0%	73.3%
Wind Generation	0.1	+38.6%	0.8%
Solar Generation	0.01	N/M	0.1%
Thermal generation	1.8	+8.9%	15.5%
Import	1.2	+4.8%	10.3%

Source: ESCO, Galt & Taggart

Note: Solar power plants began operations in late 2025; therefore, year-on-year comparisons for this period are not meaningful.

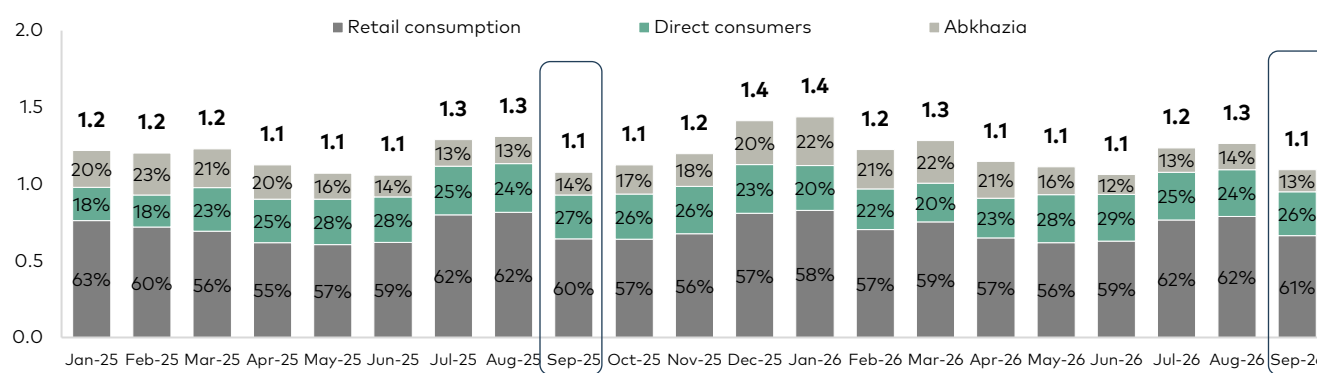


Electricity consumption

Electricity consumption grew only in the retail segment

Total electricity consumption was up by 1.5% y/y to 1.1 TWh in Sep-26. The retail segment was the only source of growth (+3.2% y/y); demand from direct consumers was broadly unchanged (-0.3% y/y), while consumption in the Abkhazia region declined 2.6% y/y (partly reflecting technical restrictions at Enguri, in our view).

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



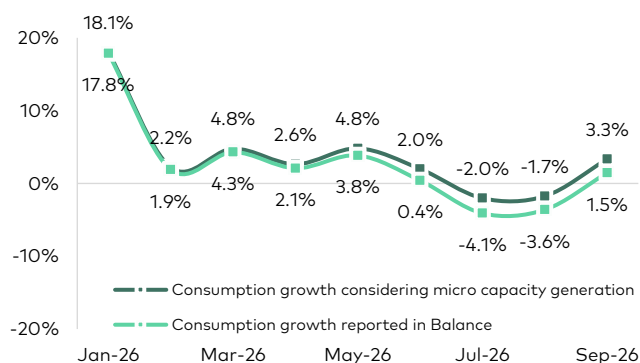
Source: ESCO, Galt & Taggart

Note 1: **Retail consumption** includes consumption of EP Georgia Supply, Energo-Pro Georgia, Telmico and Telasi and free suppliers.

Note 2: The criterion for mandatory registration as **direct consumer** is currently 0.4 GWh consumption per month. The next stage of market opening is postponed until 1 July 2027.

Generation from micro power plants also affected September consumption trends, as this output is deducted from officially reported consumption. Including this generation, we estimate that electricity consumption grew by 3.3% y/y in September 2026, compared with the officially reported 1.5%, and by 3.5% in 9M26, compared with 2.6%. Thus, consumption trends partly reflect consumers meeting their demand through self-generation.

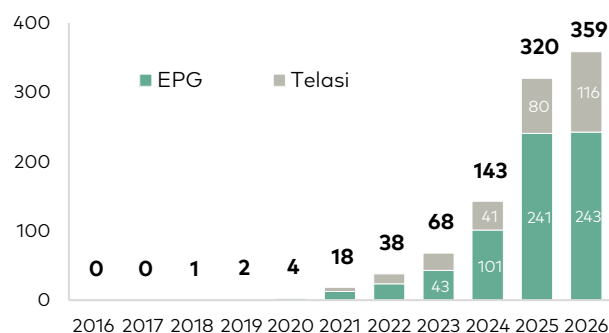
Figure 3: Annual consumption growth based on the electricity balance and adjusted for the impact of micro-generation



Source: ESCO, Galt & Taggart

Note: Micro capacity generation is Galt & Taggart's estimate.

Figure 4: Micro capacity power plants, installed capacity, MW



Source: GNERC, Galt & Taggart

Note: Figures show the total capacity covered by applications. We estimate that 70-80% of this capacity is operational.



Electricity generation

Higher hydropower generation reduced thermal generation and imports

Renewables met 77.5% of total electricity supply, thermal generation provided 21.8%, and imports accounted for 0.6% in Sep-26.

Hydropower generation rose 8.3% y/y to 0.9 TWh in Sep-26. In our view, technical restrictions at Enguri following the July-August system-wide outages cut Enguri-Vardnili output by 26.7% y/y. Favorable hydrology boosted generation at other HPPs by 36.5%, offsetting the decline.

Wind power generation increased by 40.7% year-on-year, accounting for 0.9% of total electricity supply, while solar power generation grew by 148.1%, representing 0.2% of total supply. The increase in generation was driven by the addition of new capacity (10.75 MW of solar and 18.8 MW of wind). Notably, the 206 MW Ruisi wind power plant commenced trial operations on September 28.

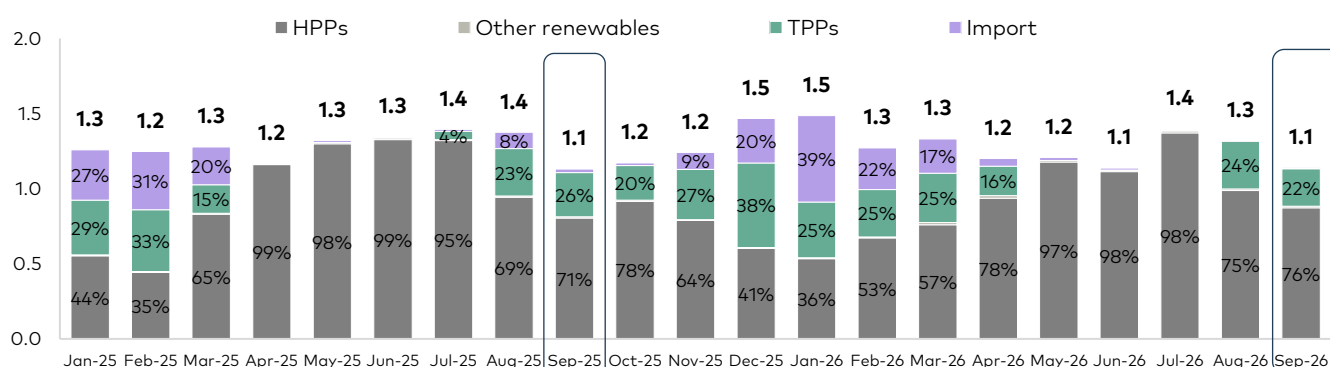
Thermal generation declined by 15.4% y/y and accounted for 21.8% of total supply in Sep-26 (vs 26.1% in Sep-25). All thermal plants operated, with Gardabani 1 contributing the most at a generation tariff of 11.7 tetri/kWh (US\$4.5/kWh).

Table 3: TPP and import output and price comparison, Sep-26

Item	Generation, GWh	Share in total supply	Price, US\$/kWh
Gardabani 1	133.4	11.7%	4.5
Tbilisres	48.4	4.2%	6.8
Mtkvari	33.7	3.0%	6.4
G-Power	15.1	1.3%	6.5
Import (Azerbaijan)	7.1	0.6%	6.5

Sources: ESCO, Galt & Taggart
Note: TPP tariff calculation formula and components is regulated by GNERC
Note: Gardabani TPP 2 is not included as it is a PPA station and its tariff is not publicly available.

Figure 5: Electricity generation and imports, TWh



Source: ESCO, Galt & Taggart

Note: Since April 2026, the methodology for recording electricity trade with Azerbaijan has changed. Flows related to synchronous parallel operation are now recorded separately as imports and exports, whereas previously only the net position was reported.



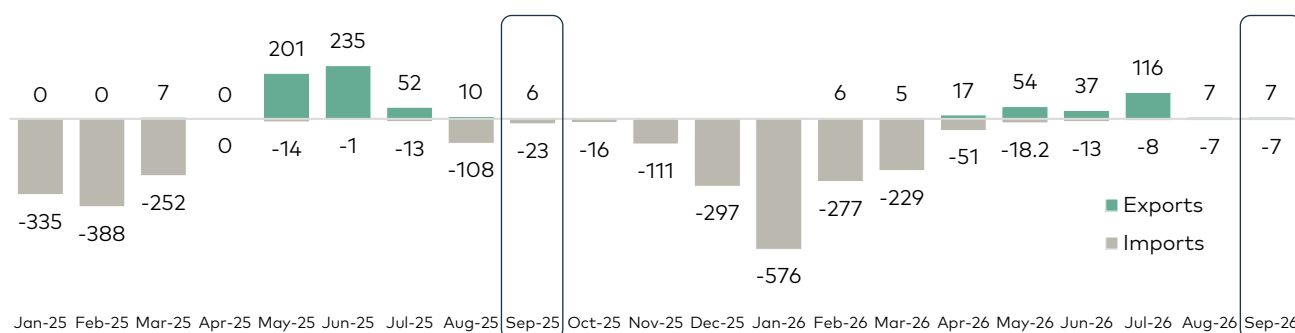
Foreign trade in electricity

No commercial electricity imports or exports took place in Sep-26, all trade was a simple technical exchange.

The electricity balance recorded equal volumes of imports from and exports to Azerbaijan. These flows were technical in nature and supported synchronous parallel operation of the two power systems. Since Apr-26, technical flows have been recorded separately as imports and exports, whereas previously only the net volume was recorded.

The weighted-average price of such technical electricity imports and exports was USc 6.5/kWh in Sep-26.

Figure 6: Electricity imports and exports, GWh



Source: ESCO, Galt and Taggart

Note: Since April 2026, the methodology for recording electricity trade with Azerbaijan has changed. Flows related to synchronous parallel operation are now recorded separately as imports and exports, whereas previously only the net position was reported.

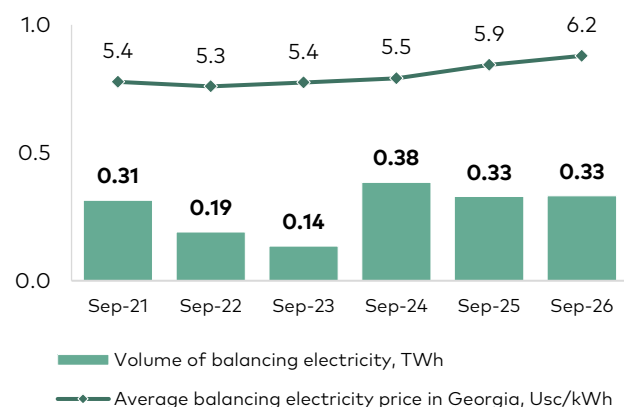


Electricity price in Georgia

The balancing electricity price was up by 4.2% y/y to USc 6.2/kWh in Sep-26, driven by higher generation from PPA-contracted hydropower plants. Balancing electricity accounted for 29.1% of total supply.

No electricity trading took place on the Georgian Energy Exchange in Sep-26.

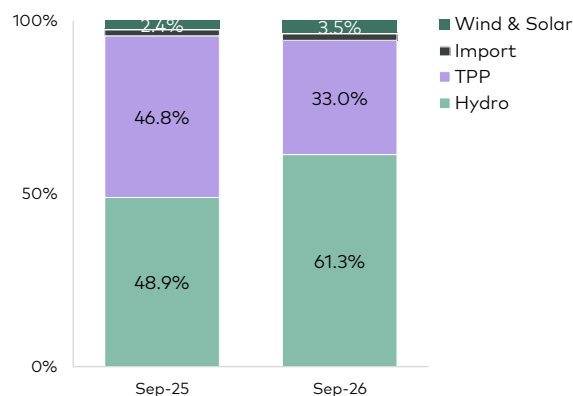
Figure 7: Balancing electricity volume (TWh) and average weighted price (USc/kWh)



Source: GNERC, ESCO, Geostat, Galt & Taggart

Note: Average balancing electricity price in Georgia refers to ESCO's selling price of balancing electricity

Figure 8: Balancing electricity volume composition by sources, %



Source: ESCO, Galt & Taggart



Electricity Balance, GWh

	2020	2021	2022	2023	2024	2025	2026F
Local consumption, total	12,136	13,730	14,165	13,053	13,834	14,317	14,908
% change y/y	-4.9%	13.1%	3.2%	-7.9%	6.0%	3.5%	4.1%
Of which:							
Abkhazian Region	2,552	2,956	3,029	2,703	2,553	2,486	2,635
% change y/y	23.9%	15.8%	2.5%	-10.8%	-5.6%	-2.6%	6.0%
Direct consumers	2,438	3,554	3,726	2,779	3,142	3,430	3,567
% change y/y	-14.9%	45.8%	4.8%	-25.4%	13.1%	9.2%	4.0%
Retail consumption	7,146	7,219	7,411	7,572	8,139	8,401	8,707
% change y/y	-8.8%	1.0%	2.7%	2.2%	7.5%	3.2%	3.6%
Local generation, total	11,160	12,645	14,247	14,396	14,234	13,838	13,921
% change y/y	-5.9%	13.3%	12.7%	1.0%	-1.1%	-2.8%	0.6%
Of which:							
Thermal Power Plants	2,821	2,380	3,388	3,446	2,812	2,767	2,767
% change y/y	-0.7%	-15.6%	42.4%	1.7%	-18.4%	-1.6%	0.0%
Wind and Solar 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	11,050
% change y/y	-7.7%	23.4%	5.8%	0.9%	4.4%	-3.2%	0.6%
Foreign trade							
Import	1,610	2,006	1,533	790	1,228	1,558	1,692
% change y/y	-1.0%	24.6%	-23.6%	-48.5%	55.4%	26.9%	8.6%
Export	154	391	971	1,468	1,047	511	250
% change y/y	-36.8%	154.2%	148.4%	51.2%	-28.7%	-51.2%	-51.1%
Trade balance	-1,456	-1,615	-562	679	-180	-1,046	-1,442
% change y/y	5.3%	10.9%	-65.2%	-220.7%	-126.5%	480.8%	37.9%
Transit	204	1,135	2,933	3,444	1,074	665	0
% change y/y	-25.2%	457.8%	158.3%	17.4%	-68.8%	-38.1%	

Source: GNERC, ESCO, Matsne, Galt & Taggart

Note: 2026F figures represent Galt & Taggart's forecast.

Note: Since April 2026, the methodology for recording electricity trade with Azerbaijan has changed. Flows related to synchronous parallel operation are now recorded separately as imports and exports, whereas previously only the net position was reported.



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