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Georgia's Electricity Market Watch - March 2026 update

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March 2026 update

March 2026: Turkey once again appeared among the top import suppliers

In March 2026, local electricity consumption increased by 4.3% y/y to 1.3 TWh. At the same time, hydropower generation fell by 8.6%, largely due to hydrological conditions. As a result, the combined share of thermal generation and imports increased from 34% in Mar-25 to 42% in Mar-26, pointing to the system's higher import dependence and the need for new generation sources. Turkey once again appeared among the top import suppliers, which, in our view, points to points to stronger competition across supplier countries.

1Q26: The high share of imports and thermal generation highlights the need for faster growth in new generation capacity

In 1Q26, electricity consumption increased by 8.0% y/y to 4.1 TWh, which, in our view, was mainly driven by the cold winter and stronger activity in the data processing and ferroalloy sectors in Jan-Feb.

Hydropower generation also increased in 1Q26, mainly due to a 70.4% rise in output from Enguri-Vardnili, although this was largely the result of a low base effect.

Despite the addition of new capacity, the share of wind and new solar power plants in total supply remained small at just 0.7%.

Over half of electricity demand in 1Q26 was met by thermal generation and imports combined. At 51.2%, their share was broadly unchanged from 51.3% in 1Q25, despite y/y deterioration in January and March.

Table 1: Balance of electricity, Mar-26

Balance item	TWh	Growth rate, y/y	Share in total
Total demand	**1.3**	**+4.2%**	**100%**
Local consumption	1.3	+4.3%	96%
Export	0.005	-27.1%	0.4%
Losses	0.04	+7.0%	3.3%
Total supply	**1.3**	**+4.2%**	**100%**
Local generation	1.1	+7.5%	83%
Import	0.2	-9.0%	17%

Source: ESCO, Galt & Taggart

Table 2: Balance of electricity, 1Q26

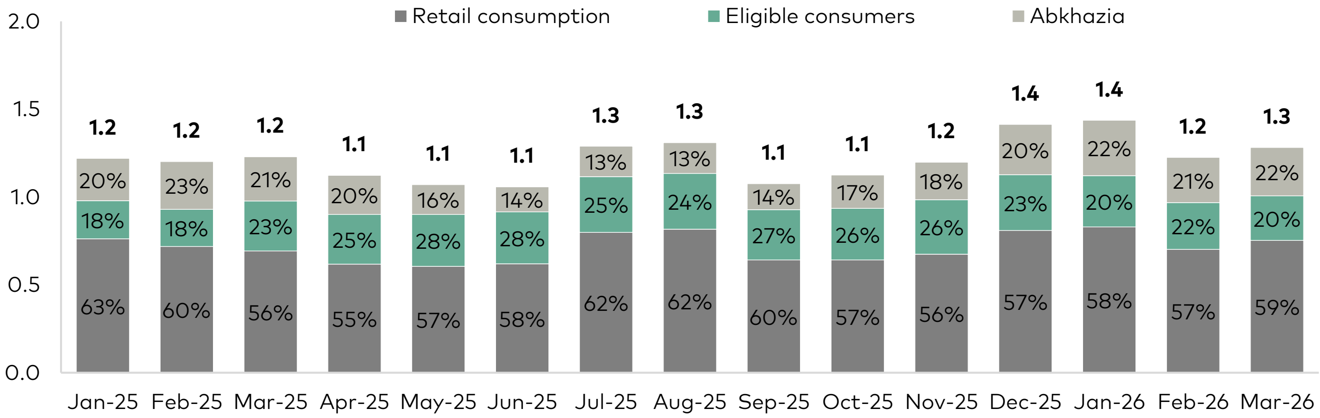
Balance item	TWh	Growth rate, y/y	Share in total
Total demand	**4.1**	**+8.1%**	**100%**
Local consumption	3.9	+8.0%	96%
Export	0.011	-27.1%	0.3%
Losses	0.13	+7.3%	3.3%
Total supply	**4.1**	**+8.1%**	**100%**
Hydro, wind and solar generation	2.0	+8.2%	49%
Thermal generation	1.0	+5.0%	25%
Import	1.1	+11.1%	26%

Source: ESCO, Galt & Taggart

Electricity consumption: Growth driven by retail segment and Abkhazian region

Local electricity consumption in March stood at 1.3 TWh, up by 4.3% y/y. The increase was driven by retail consumers (+8.7% y/y) and Abkhazian region (+9.4% y/y). Consumption by direct consumers declined by 11.0% y/y, mainly due to slower consumption by crypto-mining and data-processing companies.

Figure 1: 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 0.4 GWh consumption per month. The revision of the criteria is planned for Jul-26 to include more companies.

Electricity generation: Lower hydropower generation and higher consumption were mainly balanced by thermal generation

Hydropower generation declined by 8.6% y/y in Mar-26 due to hydrological conditions, despite a 49.0% y/y increase in Enguri-Vardnili generation driven by a low base effect.

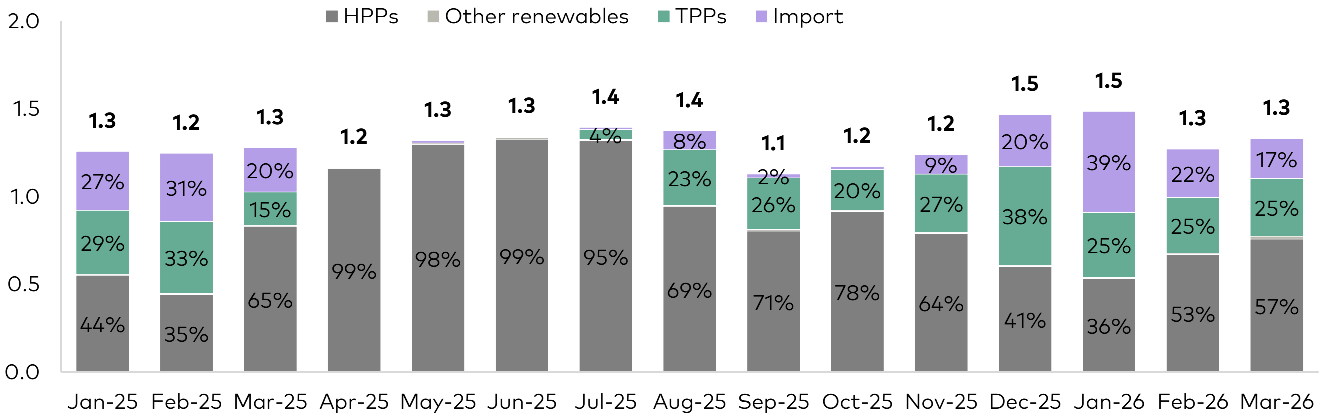
The share of wind and new solar plants increased to 1.2% in Mar-26 (vs 0.6% in Mar-25), reflecting the gradual addition of new capacity, including "Zemo Wind Power Plant" (18.7 MW), launched in test mode in Mar-26.

The combined share of thermal generation and imports increased from 34% in Mar-25 to 42% in Mar-26, pointing to the system's higher import dependence and the need for faster development of new generation.

In our view, the choice between imports and thermal generation was determined by both price and technical requirements:

- The price of commercial imports was 4.6 USc/kWh from Turkey and 6.0 USc/kWh from Azerbaijan.
- The price of Gardabani 1 was 4.3 USc/kWh, while the price of Gardabani 2 was around 5.5 USc/kWh.
- The prices of G-Power and Mtkvari Energy were relatively high, at 6.2 and 6.4 USc/kWh, respectively, which is why these plants operated only in limited volumes, driven by demand coverage and technical needs.

Figure 2: Electricity generation and imports, TWh



Source: ESCO, Galt & Taggart

Electricity imports: Turkey was one of the top import suppliers for the second time this year, pointing to stronger competition and possible structural change

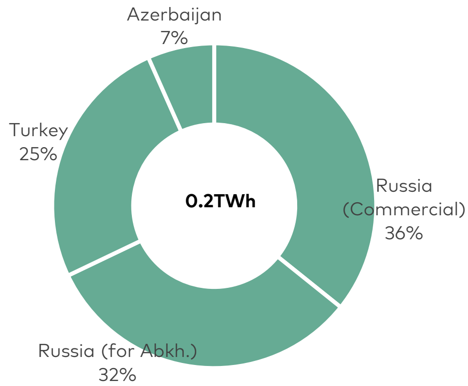
In March 2026, electricity imports fell by 9.0% y/y to 0.2 TWh. However, excluding low-cost imports for the Abkhazian region, commercial imports more than doubled (+118.9% y/y). As a result, the total import value increased by 30.9% y/y to US$ 5.9mn.

In our view, the geography of imports in March was determined by a combination of pricing and technical factors:

- In volume terms, Russia was the largest supplier. However, due to "social" import for Abkhazian region, it ranked only second in value terms.
- Turkey was one of the main suppliers in Mar-26, reflecting its lower price compared with Azerbaijan (4.6 USc/kWh from Turkey vs 6.0 USc/kWh from Azerbaijan).

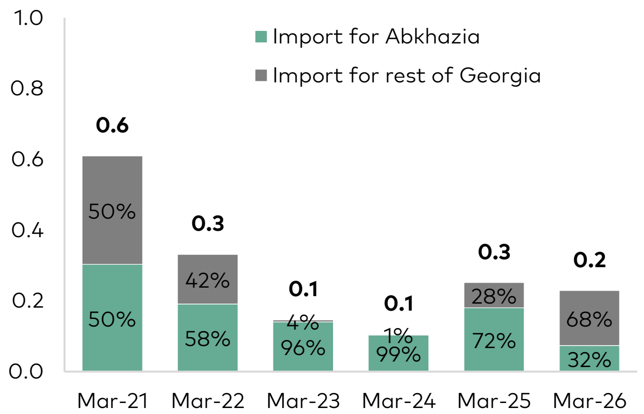
In our view, Turkey's repeated appearance among the top import sources points to stronger competition and possibly a gradual structural change in the import mix.

Figure 3: Import of electricity Mar-26, TWh



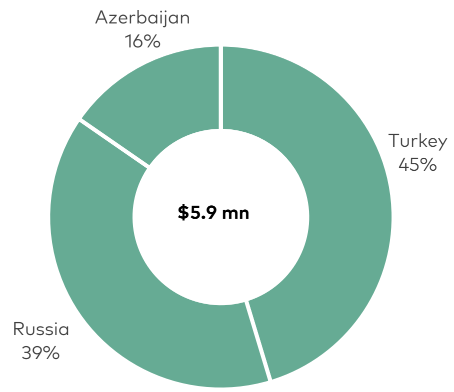
Source: ESCO, Geostat, Galt & Taggart

Figure 4: Electricity imports by destination



Source: ESCO, Geostat, Galt & Taggart

Figure 5: Import of electricity in Mar-26, US$

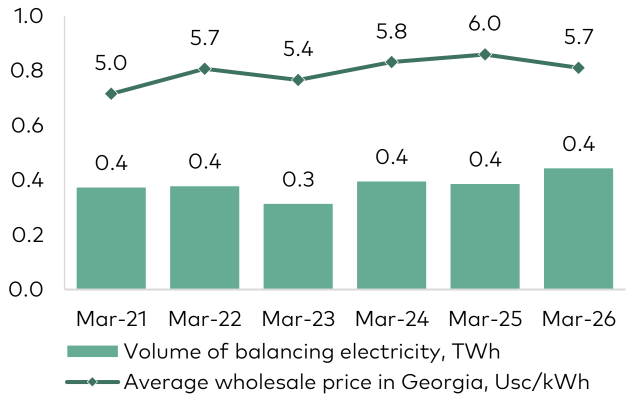


Source: ESCO, Geostat, Galt & Taggart

Wholesale and balancing market dynamics

The average balancing electricity price declined by 5.7% y/y to USc 5.7/kWh in March. At the same time, balancing volume increased by 14.8% y/y to 0.4 TWh, accounting for 33.4% of total electricity 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 2026

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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