Georgia's Electricity Market Watch - June 2026 update

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June 2026 highlights

Lower exports and generation curtailments in 1H26 highlight Georgia's seasonal power system challenges.

In June 2026, local electricity consumption increased by 0.3% y/y to 1.1 TWh, while exports fell by 84.3% y/y to 0.004 TWh. Therefore, total demand declined 15.5% y/y to 1.1 TWh.

No commercial electricity exports were recorded in Jun-26. ESCO was the sole exporter, supplying electricity to settle a previous obligation. The decline in exports was driven by surplus generation in Turkey, which led the country to restrict electricity imports from Georgia.

Local generation fell by 16.3% y/y in Jun-26. With lower demand, the Transmission System Operator curtailed electricity generation to balance supply and demand, similar to May-26. We expect curtailment volumes to decline in July, supported by the seasonal reduction in hydropower generation and the renewal of exports from 6 July.

In 1H26, local electricity consumption in Georgia increased by 5.1% y/y to 7.3 TWh. The share of imports and thermal generation in total supply stood at 31.1%, compared to 25.8% in 1H25.

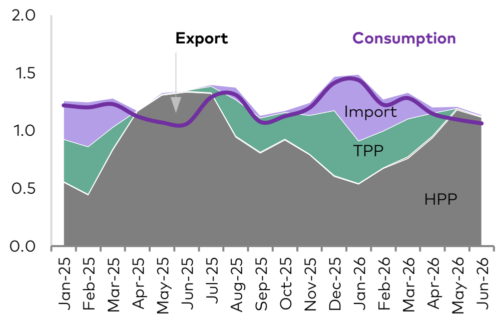
Higher import dependence in January-April, followed by reduced exports in May-June, highlights Georgia's seasonal imbalance. This underscores the need to develop infrastructure that addresses Georgia's seasonal challenges - particularly reservoir HPPs, wind power, battery storage, and transmission lines for export (including the Black Sea submarine cable).

Table 1: Balance of electricity, June-26

Balance item	TWh	Growth rate, y/y	Share in total
Total demand	**1.1**	**-15.5%**	**100%**
Local consumption	1.1	+0.3%	93.5%
Export	0.004	-84.3%	3.2%
Losses	0.04	-27.3%	3.2%
Total supply	**1.1**	**-15.5%**	**100%**
Local generation	1.1	-16.3%	98.9%
Import	0.01	N/A	1.1%

Source: ESCO, Galt & Taggart
Note: N/A – import-export calculation methodology changed since April 2026 (see Foreign Trade for details).

Figure 1: Electricity demand-supply, TWh



Source: ESCO, Galt & Taggart

Table 2: Balance of electricity, 1H26

Balance item	TWh	Growth rate, y/y	Share in total
Total demand	**7.6**	**+0.1%**	**100%**
Local consumption	7.3	+5.1%	95.2%
Export	0.12	-73.0%	1.6%
Losses	0.25	-7.1%	3.3%
Total supply	**7.6**	**+0.1%**	**100%**
Hydro, wind and solar generation	5.3	-7.0%	68.9%
Thermal generation	1.21	+24.8%	15.9%
Import	1.16	+17.7%	15.3%

Source: ESCO, Galt & Taggart

Electricity consumption

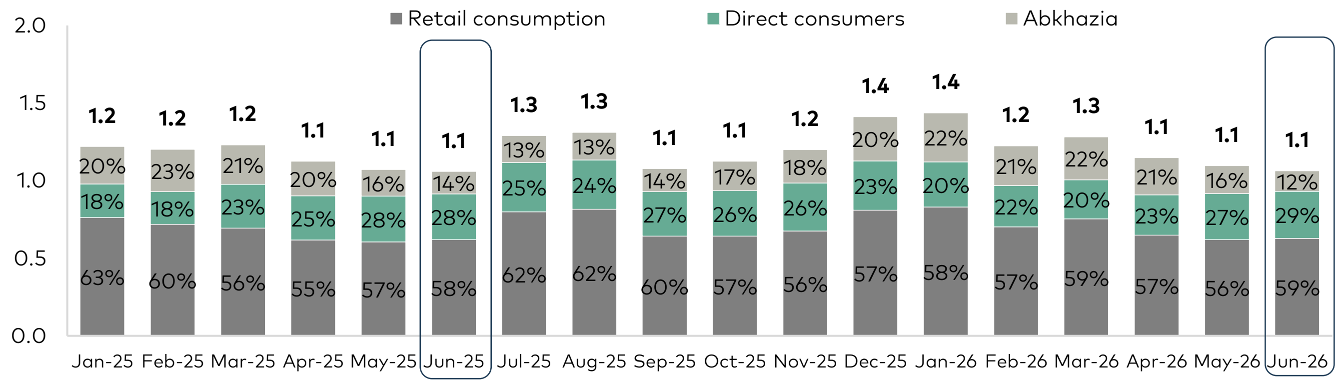
Consumption declined in Abkhazia and increased among direct and retail consumers.

Local electricity consumption grew by 0.3% y/y to 1.1 TWh. Of which:

- Abkhazian region: -8.7% y/y
- Direct consumers: +2.5% y/y
- Retail consumers: +1.5% y/y

The consumption pattern reflects weather-related factors and even consumption at energy-intensive companies.

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.

Electricity generation

Generation declined due to system-imposed curtailments

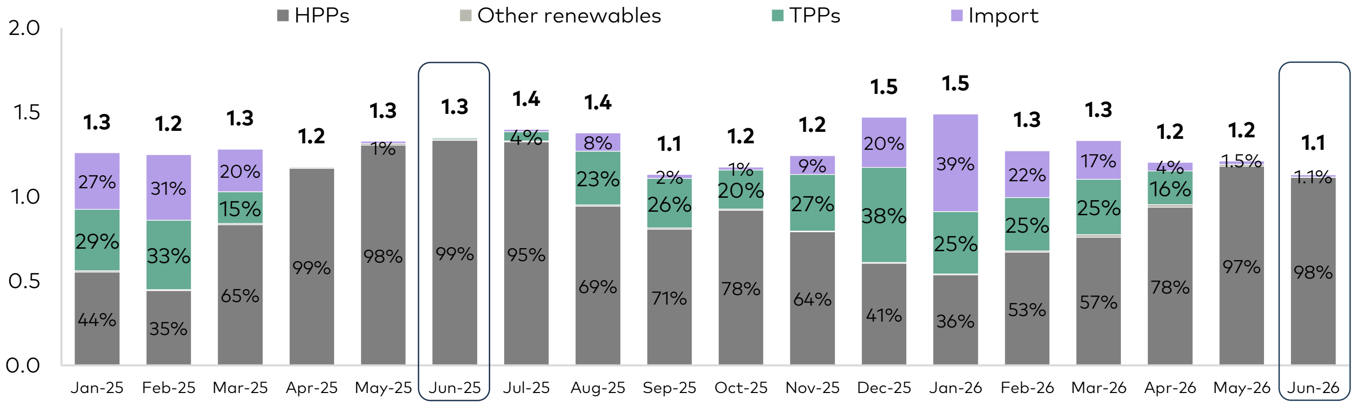
In June 2026, marginal growth in local consumption coincided with the collapse in exports, reducing total demand. To maintain the supply-demand balance, Georgian State Electrosystem (GSE) requested generation curtailments, similar to May-26. To our knowledge, hydrological conditions were favorable, and generation would have increased y/y without curtailment. Therefore, curtailment explains most of the annual decline in generation.

In June 2026, the local generation fell by 6.3% y/y to 1.1 TWh, of which:

- **Hydro generation: -16.1% y/y, including**
  - Enguri-Vardnili: +3.3% y/y
  - Other regulated HPPs: -30.7% y/y
  - Deregulated HPPs: -34.8% y/y
- **Wind and solar generation: -14.0% y/y**
- **Thermal generation: minimal output for testing.**

No commercial electricity imports were made.

Figure 3: Electricity generation and imports, TWh



Source: ESCO, Galt & Taggart

We do not expect generation curtailments to continue in July, as:

- Surplus generation typically declines in July as river inflows decrease.
- Local consumption is expected to rise with warmer weather and peak tourism.
- Exports to Turkey resumed on 6 July, supporting electricity demand.
- ESCO's barter agreement with Turkey, detailed in our May 2026 Market Watch, will support exports and total electricity demand.

Foreign trade in electricity

No commercial electricity imports or exports were recorded in Jun-26.

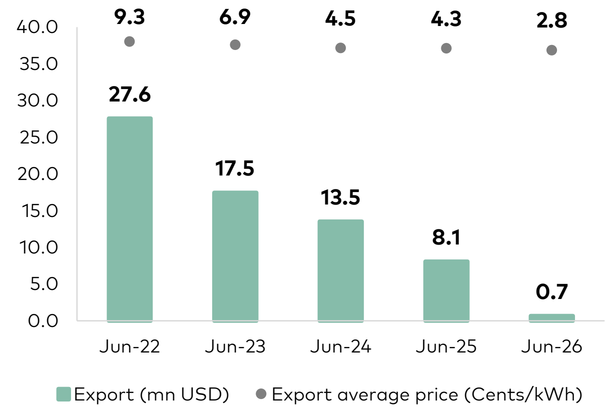
In June 2026, electricity exports to Turkey dropped sharply - 7.9x in volume and 12.0x in value. Exports to Turkey totalled 24.0 GWh and US$ 0.7mn, and average export price stood at 2.8 USc/kWh (-34.4% y/y). ESCO was the sole exporter, supplying electricity to settle a previous obligation.

The sharp declines in export prices, volumes and revenues reflect lower prices and increased generation in Turkey:

- In June 2026, Turkey's average market price was 2.9 USc/kWh -34.4% y/y, +61.1% m/m.
- Such a low price significantly reduces the economic viability of exports, as exporters must also cover transmission and guaranteed-capacity fees totalling 1.5 USc/kWh.
- Electricity generation in Turkey increased sufficiently for the country to pause commercial imports from Georgia. Higher generation in Turkey reflected favourable hydrological conditions and rapid solar capacity additions.

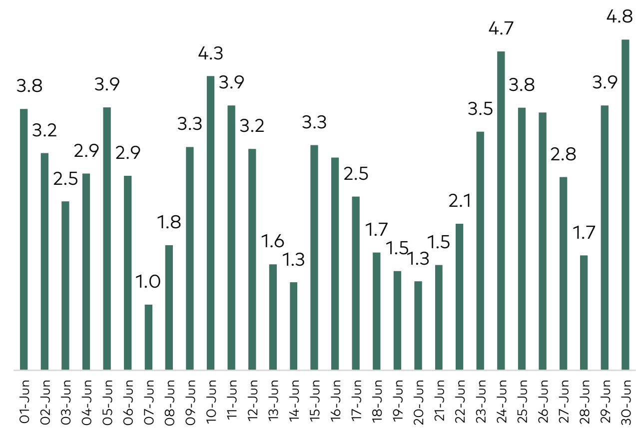
Exports from Georgia to Turkey resumed on July 6, 2026 as Turkish electricity prices increased. The average Turkish market price reached 6.0 USc/kWh over 1-20 July. In July 2026, the companies exporting electricity were: Achar Energy 2007, Energy Development Georgia, Svaneti Hydro, Kasleti-2, AISI LLC, Austrian Georgian Development and ESCO.

Figure 4: Electricity Export to Turkey (US$ mn) and average price (USc/kWh), June 2022-26



Source: GNERC, ESCO, GEOSTAT, Galt and Taggart

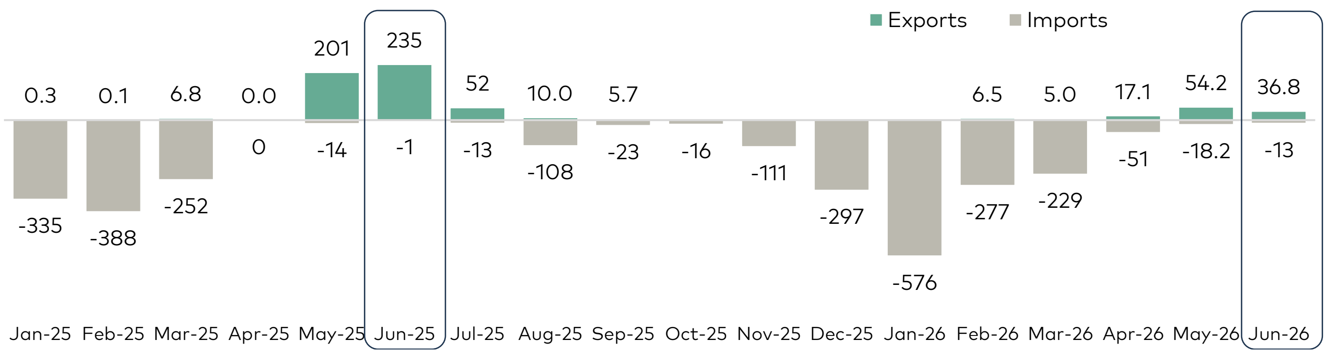
Figure 5: Electricity Market Price, Turkey, June 2026, USc/kWh



Source: EPIAS, Galt and Taggart
Note: Hourly Price Average

Exports to Azerbaijan were also recorded in the electricity balance, although they did not represent commercial transactions. These flows resulted from synchronous parallel operation with Azerbaijan and were fully offset by imports of an equal volume and value. Since April 2026, the accounting methodology has changed: rather than reporting these flows on a net basis, the balance records them separately as imports and exports.

Figure 6: Electricity imports and exports, GWh



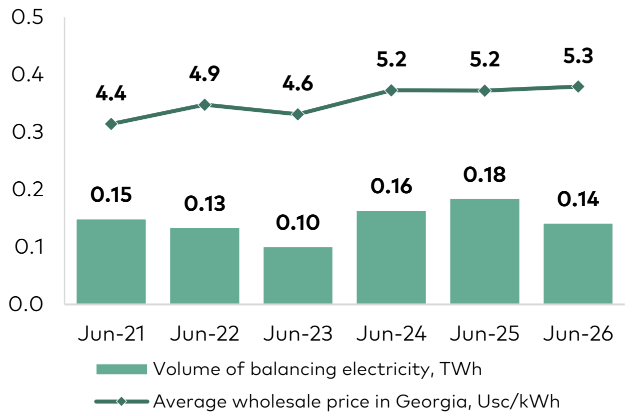
Source: ESCO, Galt and Taggart
Note: Since April 2026, the import-export accounting methodology has changed. The exchange related to synchronous parallel operation with Azerbaijan, previously recorded on a net basis, is now reported separately under imports and exports.

Electricity price in Georgia

In June 2026, the average balancing electricity price increased 1.8% y/y to 5.3 USc/kWh.

Balancing volumes fell 23.3% y/y to 0.14 TWh - accounting for 13% of total supply in June 2026.

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



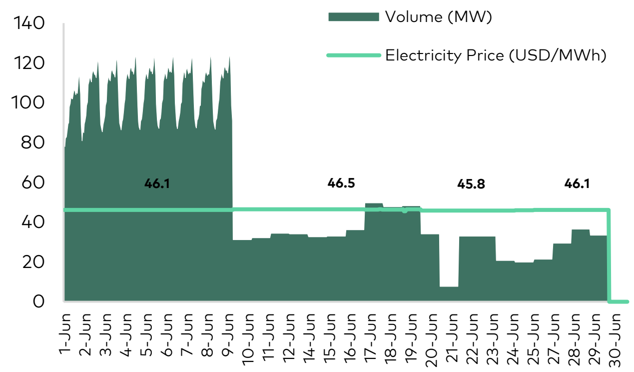
Source: GNERC, ESCO, Geostat, Galt & Taggart
Note: Average balancing electricity price in Georgia refers to ESCO's selling price of balancing electricity

Electricity Exchange

Until July 2027, the electricity exchange will operate under a transitional model and trading will remain voluntary. Only participants registered in the wholesale market are allowed to trade.

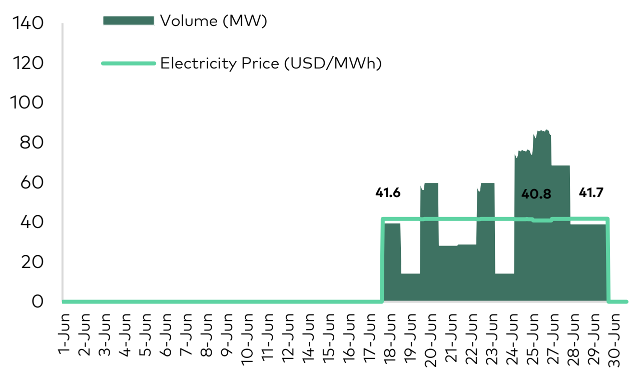
In June 2026, electricity trading on the Georgian Energy Exchange (GENEX) took place from 18 to 30 June totalling 13.2 GWh (-65.6% y/y) at an average price of 4.2 USc/kWh (-10.0% y/y).

Figure 8: Electricity Trade on GENEX, Capacity (MW) and Price (USD/MWh), June 2025



Source: GENEX, Galt and Taggart

Figure 9: Electricity Trade on GENEX, Capacity (MW) and Price (USD/MWh), June 2026



Source: GENEX, Galt and Taggart

Regulatory updates

The deadlines for mandatory registration as a direct consumer have been revised

On 30 June 2026, amendments to the Electricity Market Model Concept entered into force, extending the deadlines for mandatory registration as a direct consumer. Registration in the wholesale electricity market will become mandatory:

- From 1 July 2027, for all companies connected at 35-110 kV and for 6-10kV consumers using more than 1mn kWh per month.
- From 1 July 2028, for all commercial consumers except small enterprises (Category IV).

Currently, companies connected at 35–110 kV or higher must register as direct consumers if their average monthly electricity consumption exceeds 0.4 GWh.

Net Metering limits have been fully exhausted nationwide

Net-metering limits have been fully reached across Georgia. The net-metering scheme for micro power plants was available until 1 January 2027 or until the GNERC-approved capacity limit was reached. The limit was set at 20% of each distribution licensee's peak load. Energo-Pro Georgia reached its limit on 15 February 2025, followed by Telasi on 2 June 2026.

As of July 2026, the net-metering scheme covers 2,607 power plants with a combined installed capacity of 339 MW. These plants will retain the existing terms until 1 January 2033.

Net Billing has replaced net metering for new micro capacity power plants. New applicants may build a micro capacity power plant with capacity of up to 100 kW of for self-consumption under GNERC's net billing framework, which provides monthly financial settlement. We have described the terms and conditions of the net billing framework in details here.

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

Disclaimer

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