



JSC “Electricity System Commercial Operator”

ACTIVITY REPORT
YEAR 2020



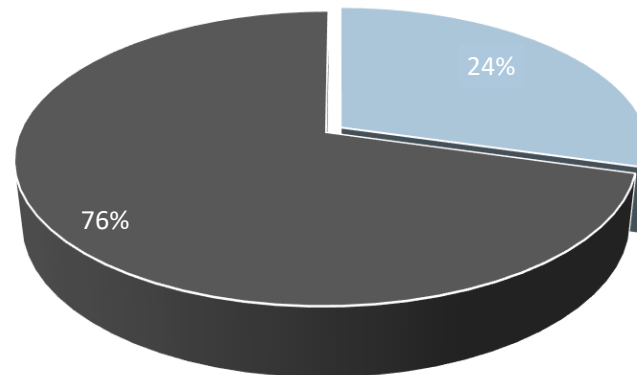
Main Fields of Operation

- **Balancing Electricity Trading;**
- **Guaranteed Capacity Trading;**
- **Electricity Import and Export;**
- **Support for the Construction of New Power Plants;**
- **Metering Control.**



Balancing Electricity Trading

- **Balancing electricity trading continues to be one of ESCO's principal areas of operation.**
- **In 2020, the share of balancing electricity in wholesale electricity trading amounted to 24%.**



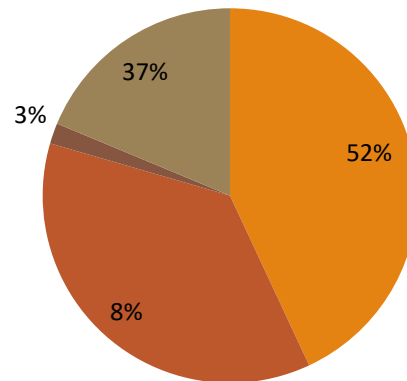
■ BALANCING ELECTRICITY ■ SOLD BY DIRECT CONTRACTS

Electricity Suppliers' Contribution to Balancing Electricity



The quantitative indicators of balancing electricity sellers and their percentage shares in 2020 are presented in the table below.

Electricity Seller	Year 2020	
	kWh	Share, %
Hydro Power Plant	1 555 207 177,3	52%
Thermal Power Plant	253 202 698,1	8%
Kartli Wind Farm	90 780 200,0	3%
Importer	1 122 934 559,8	37%
Total	3 022 124 635,2	100%



■ HYDRO POWER PLANT ■ THERMO POWER PLANT ■ WIND FARM ■ IMPORTER



Participation of Qualified Enterprises in the Procurement of Balancing Electricity

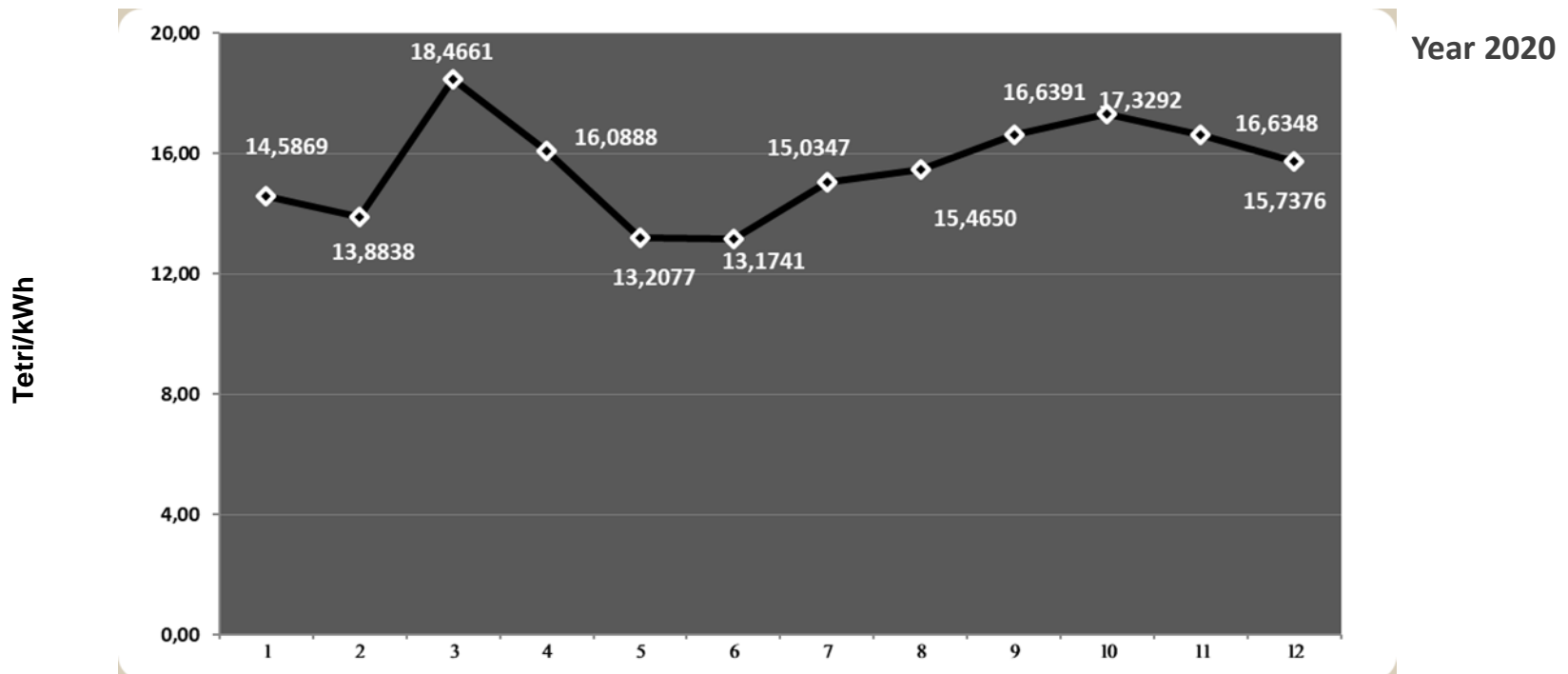
- In 2020, the main purchasers of balancing electricity from ESCO were distribution energy companies, direct consumers, and exporters.
- The quantitative indicators of balancing electricity purchasers and their respective shares are presented in the table.

Electricity Buyer	Year 2020	
	kWh	Share, %
Direct consumer	761 061 710,9	25,2%
Distribution energy company	1 910 978 667,8	63,2%
Exporter	16 772 943,8	0,5%
GSE (Ensuring the Compensation of Losses in the Transmission Network)	240 409 098,6	8,0%
GSE (Ensuring the coverage of transit losses).	2 089 522,5	0,1%
Delivery to Abkhazia	90 812 691,6	3,0%
Total	3 022 124 635,2	100%



Formation of the Price of Balancing Electricity for Sale

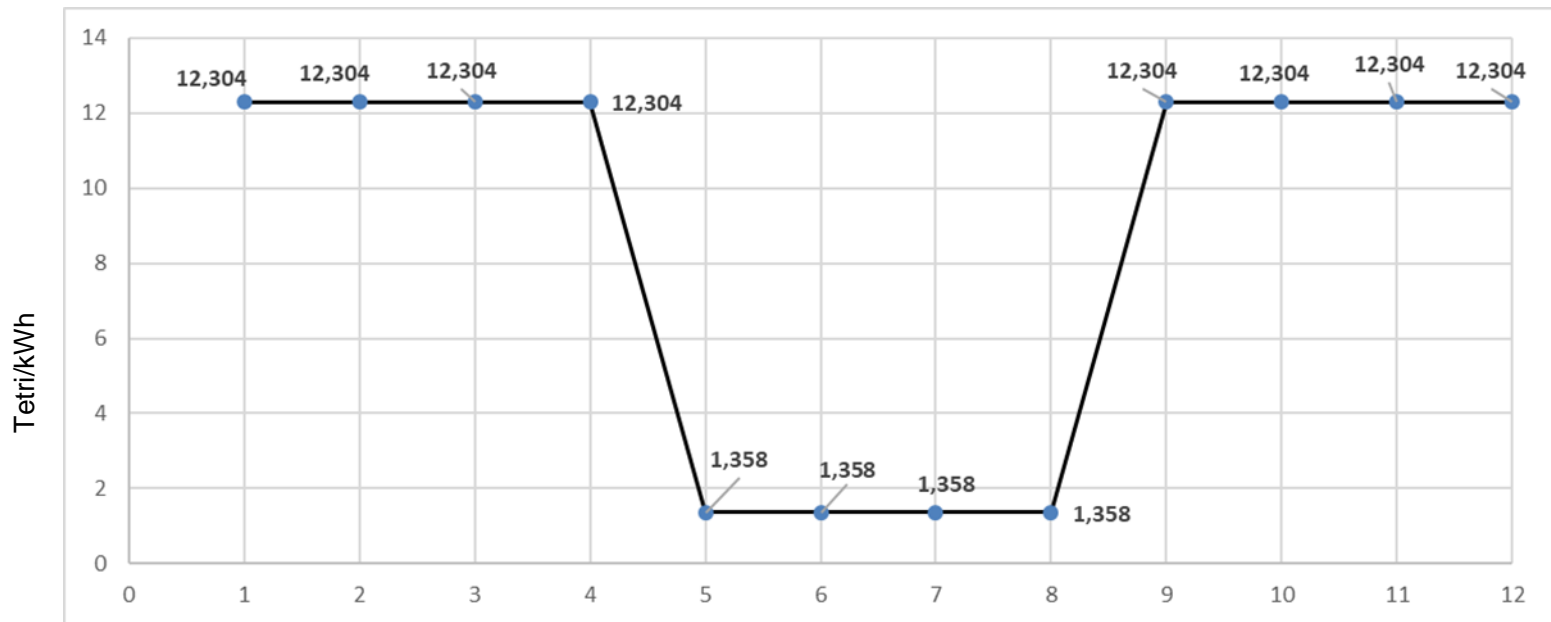
The price of balancing electricity for sale is determined based on the **Weighted Average Price** of balancing electricity purchased by ESCO.



Balancing Electricity Price for Small Deregulated Power Plants, 2020



The price of balancing electricity purchased by ESCO from small deregulated power plants is formed in accordance with Article 36 of the Electricity (Capacity) Market Rules.



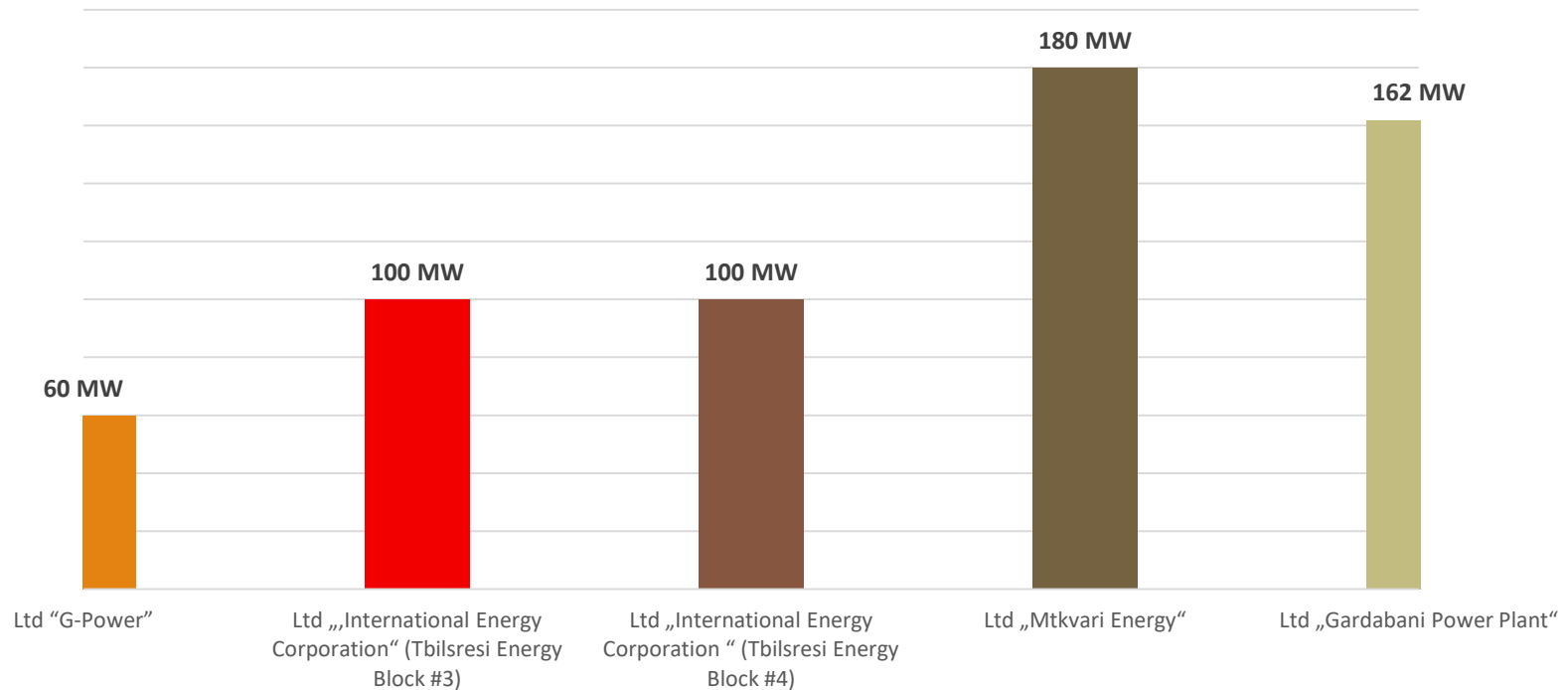
Guaranteed Capacity



- Guaranteed capacity serves the stable, secure, and reliable operation of the country's unified electric power system.
- Trading of guaranteed capacity is carried out exclusively through ESCO under the standard terms of a direct contract.
- The purchasers of guaranteed capacity are: the distribution energy company, a direct consumer, a power plant during commissioning for trial operation and/or comprehensive testing, and an exporter.
- A qualified enterprise purchasing guaranteed capacity is obliged to pay the cost of guaranteed capacity in proportion to its actual share of total consumption and exports of all qualified enterprises that are purchasers of guaranteed capacity.

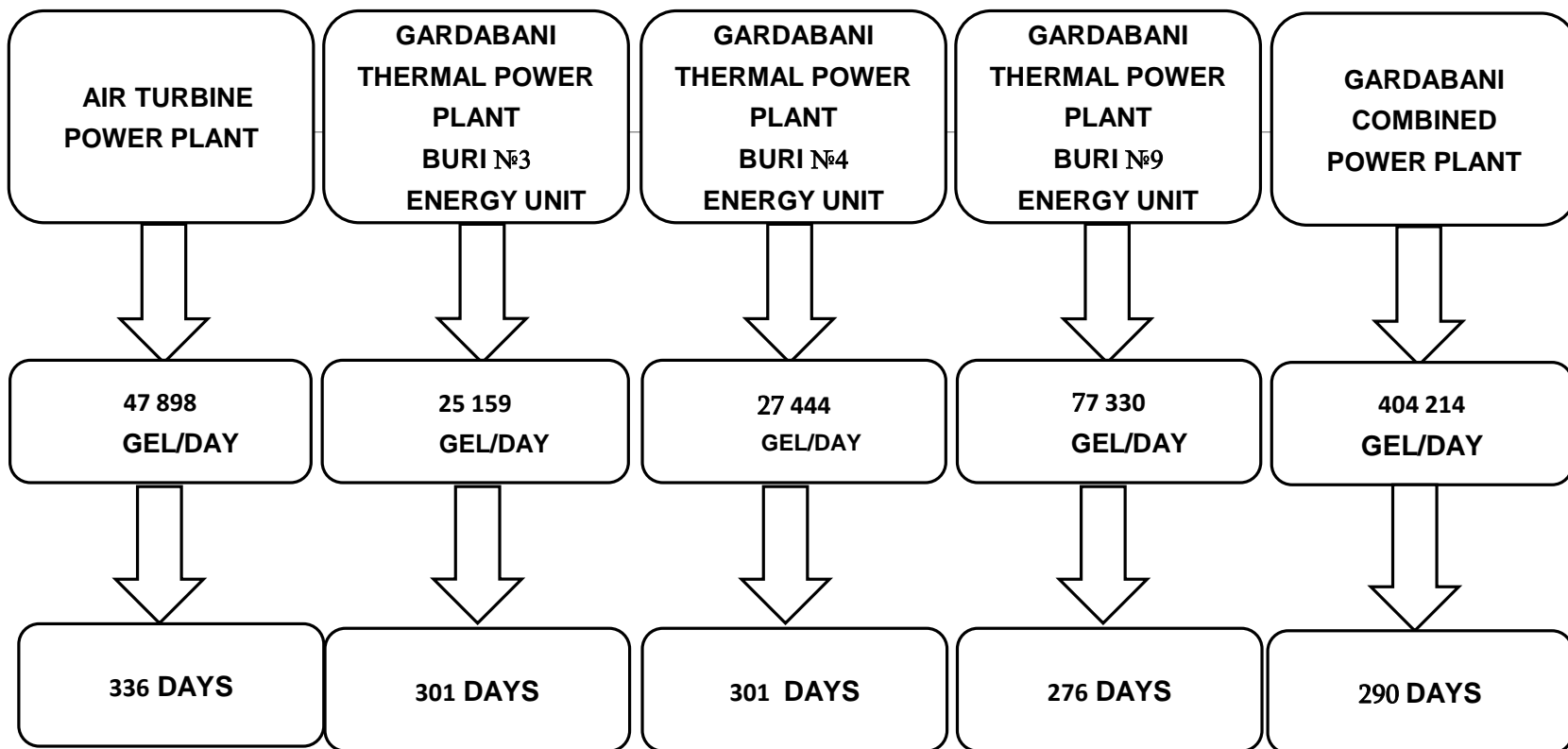


Sources of Guaranteed Capacity Defined by the Government of Georgia and the Minimum Guaranteed Capacity Volume, 2020



The sources of guaranteed capacity, as well as the minimum amount of guaranteed capacity for each guaranteed capacity source, are determined by the Government of Georgia.

Fees and Guaranteed Capacity Supply Periods Established by the National Energy and Water Supply Regulatory Commission for Guaranteed Capacity Sources



The Georgian National Energy and Water Supply Regulatory Commission determines, on a daily basis, the Guaranteed Capacity Fee and the capacity provision periods for each Guaranteed Capacity Source.

According to the resolution of the Regulatory Commission, the capacity provision periods (number of days) for Guaranteed Capacity Sources were established for the period from 1 January 2025 through 31 December 2020 (12 months), based on the calendar year.

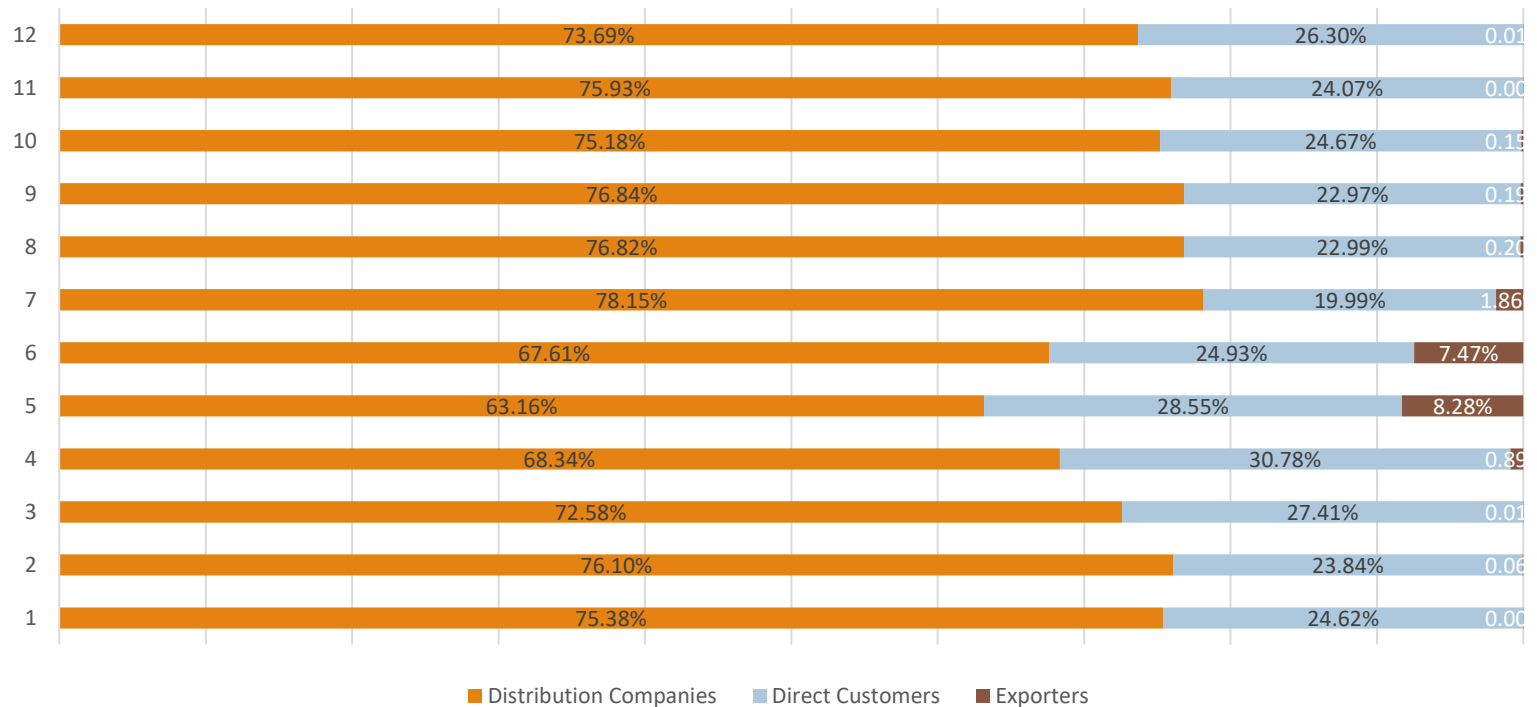


Payments Received by Guaranteed Capacity Sources for Providing Guaranteed Capacity, 2020

Guaranteed Capacity Fee for Provided Capacity, 2020	LLC "Mtkvari Energy"	LLC "Georgian International Energy Corporation"		LLC "G Power"	LLC "Gardabani Thermal Plant"
	Energy Unit #9	Energy Unit #3	Energy Unit #4	Air Turbine Power Plant	Combine Power Plant
Provision Period (Number of Days)	276	301	301	336	290
Guaranteed Capacity Price (M GEL)	21.343	7.573	8.261	16.094	117.222



Percentage Share of Purchases by Qualified Enterprises Purchasing Guaranteed Capacity in Total Electricity Purchases, 2020





Accounted Imports and Exports, 2020

Chart №1

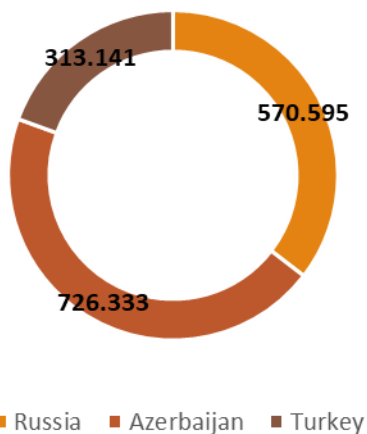
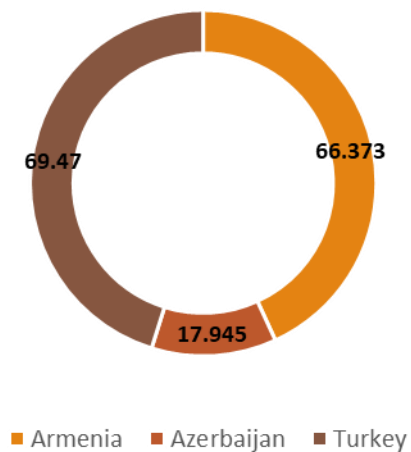


Chart №2



■ In 2020, out of the actual imports carried out (1610.069 M kWh) (Chart 1), 987.72 M kWh were imported by ESCO, accounting for 61.35% of total actual imports.

■ In 2020, out of the actual exports carried out (153.788 M kWh) (Chart 2), 18.35 M kWh were exported by ESCO, accounting for 11.93% of total actual exports.

MONITORING OF METERING SYSTEMS

In 2020, for the purpose of monitoring electricity settlement metering points, the auditors of the Metering Control Department, in cooperation with the relevant parties, carried out inspections of 322 settlement metering points.

In connection with the registration of qualified enterprises as participants in the wholesale electricity market, or amendments to their registration, 57 new settlement metering points intended for use in the wholesale electricity market were inspected by a commission and commissioned into operation. Inspection reports for metering points used in the wholesale electricity market were duly prepared.

For all deficiencies identified during the inspections, JSC Electricity System Commercial Operator (ESCO) undertook the appropriate measures in accordance with the applicable legislation.

The centralized database of metering points utilized in the wholesale electricity market was updated.



Promotion of the Construction of New Power Plants

According to the memoranda signed between the Government and investors, in 2020 a total of 9 mandatory electricity purchase agreements were concluded between the market operator and investors:

Government – ESCO – LLC “Zoti Hydro”

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Government – ESCO – LLC “Achara Water Georgia”

Government – ESCO – LLC “Gardabani Thermal Power Plant 2”

Government – ESCO – LLC “Chordula HPP”

Government – ESCO – LLC “Austrian Georgian Development”

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Government – ESCO – LLC “Energy Development Georgia”

Government – ESCO – LLC “AAD”



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