



# JSC “Electricity System Commercial Operator”

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**ACTIVITY REPORT  
YEAR 2021**



# Main Fields of Operation

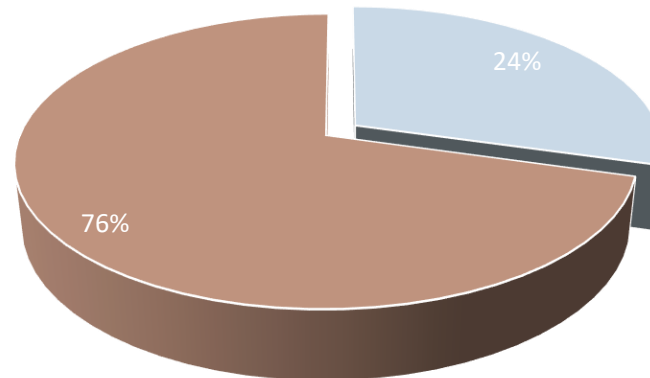
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- **Balancing Electricity Trading;**
- **Guaranteed Capacity Trading;**
- **Electricity Import and Export;**
- **Support for the Construction of New Power Plants;**
- **Metering Control.**



# Balancing Electricity Trading

- **Balancing electricity trading continues to be one of ESCO's principal areas of operation.**
- **In 2021, the share of balancing electricity in wholesale electricity trading amounted to 24%.**



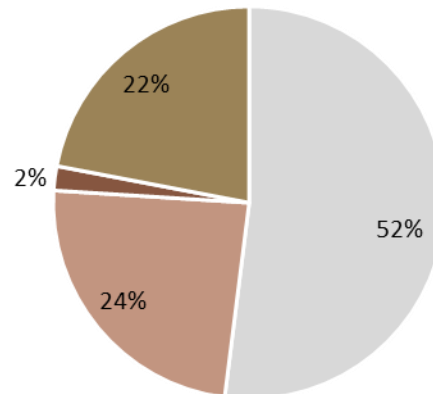
■ BALANCING ELECTRICITY ■ SOLD BY DIRECT CONTRACTS

# Electricity Suppliers' Contribution to Balancing Electricity



The quantitative indicators of balancing electricity sellers and their percentage shares in 2021 are presented in the table below.

Electricity Seller	Year 2021	
	kWh	Share, %
Hydro Power Plant	1 811 817 780,2	52%
Thermal Power Plant	820 184 587,3	24%
Wind Farm	83 273 680,0	2%
Importer	757 560 992,7	22%
<b>Total</b>	<b>3 472 837 040,2</b>	<b>100%</b>



■ HYDROPOWER PLANT ■ THERMAL POWER PLANT ■ QARTLI WIND FARM ■ IMPORTER



# Participation of Qualified Enterprises in the Procurement of Balancing Electricity

In 2021, the main purchasers of balancing electricity from ESCO were distribution energy companies and direct consumers. In addition, in 2021, for the purpose of ensuring electricity transit, losses were purchased by the Dispatch Licensee, whose share in balancing electricity purchases amounted to 0.6%.

The respective shares of balancing electricity purchasers during this period are presented in the table.

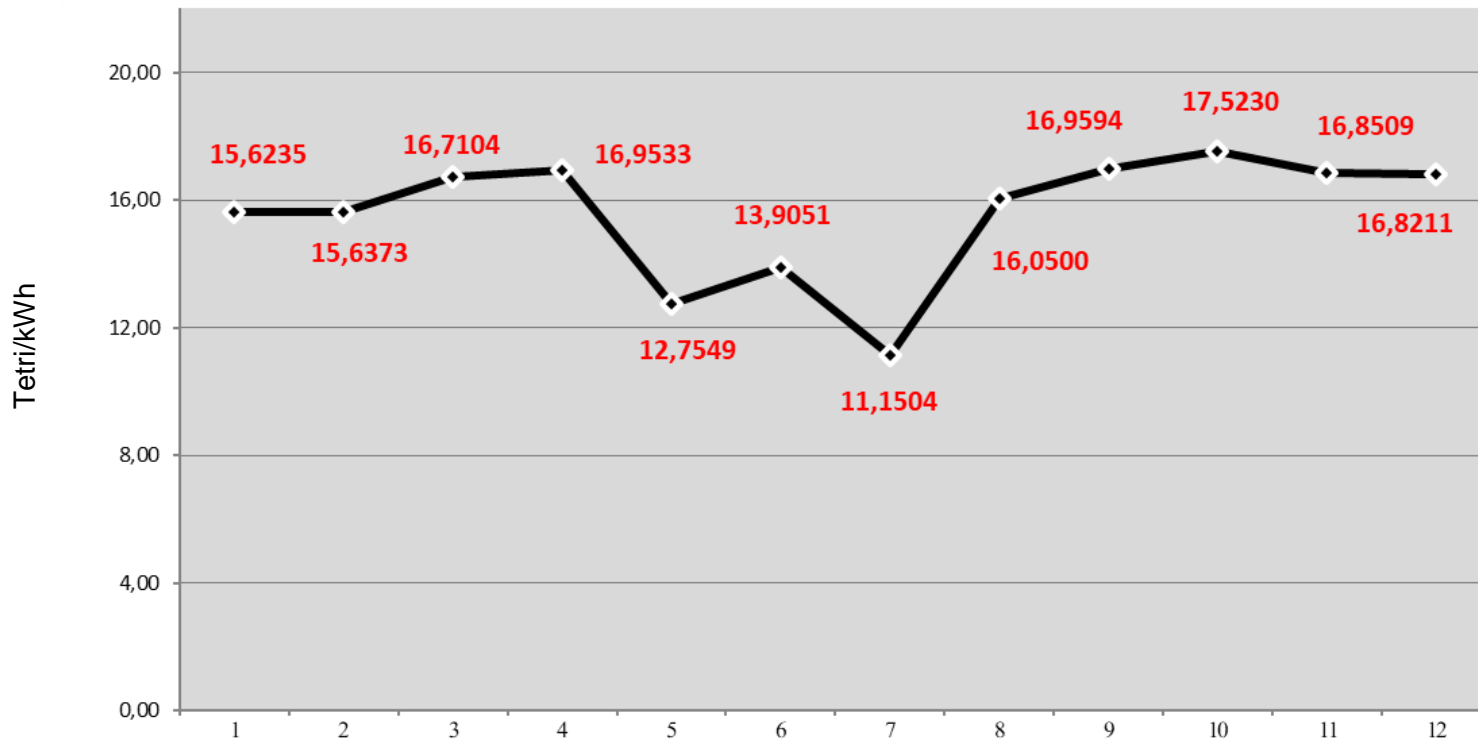
Electricity Buyer	Year 2021	
	kWh	Share, %
Universal service provider	41 369 743,8	1,2%
Electricity Supplier Providing Public Service	355 615 581,6	10,2%
Direct consumer	1 100 413 391,3	31,7%
Distribution energy company	1 645 460 234,7	47,4%
Exporter	36 500 417,7	1,1%
GSE (Ensuring the Compensation of Losses in the Transmission Network)	270 941 696,0	7,8%
GSE (Ensuring the coverage of transit losses).	22 535 975,1	0,6%
<b>Total</b>	<b>3 472 837 040,2</b>	<b>100,0%</b>

# 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.

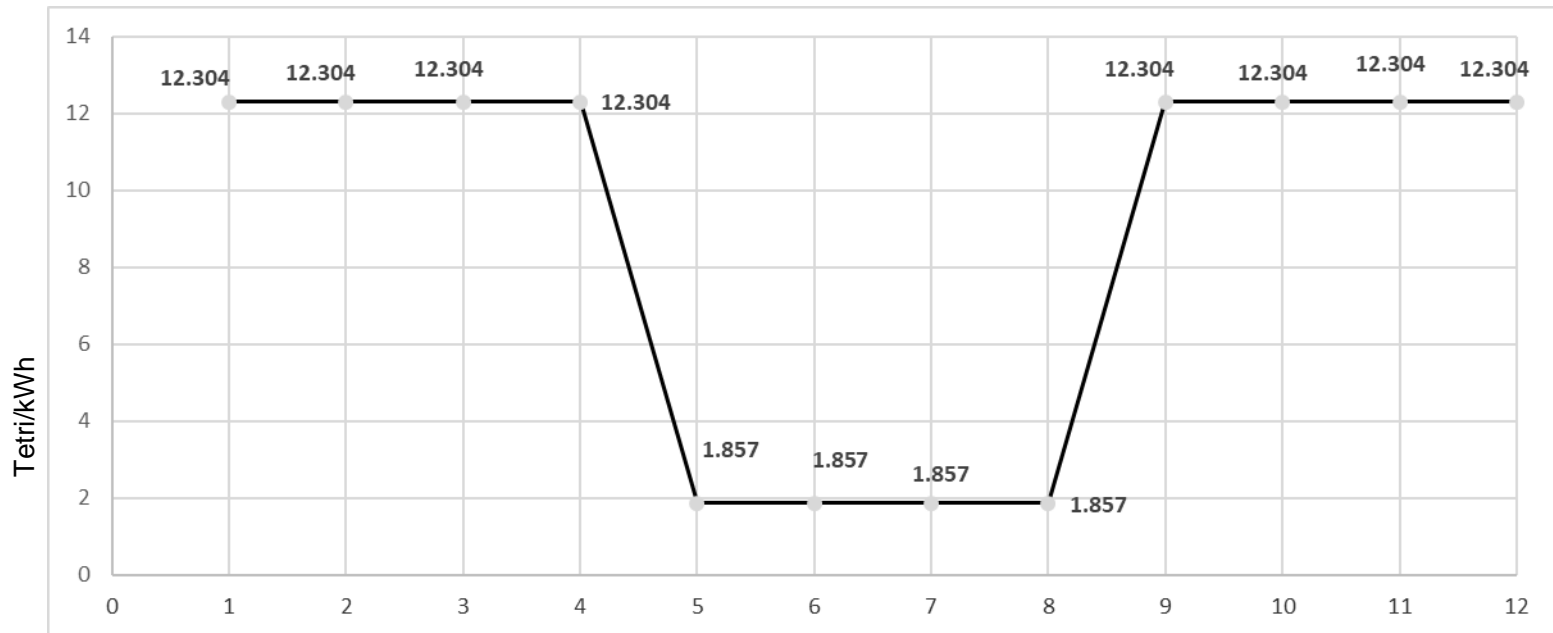
YEAR 2021



# Balancing Electricity Price for Small Deregulated Power Plants, 2021



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.**

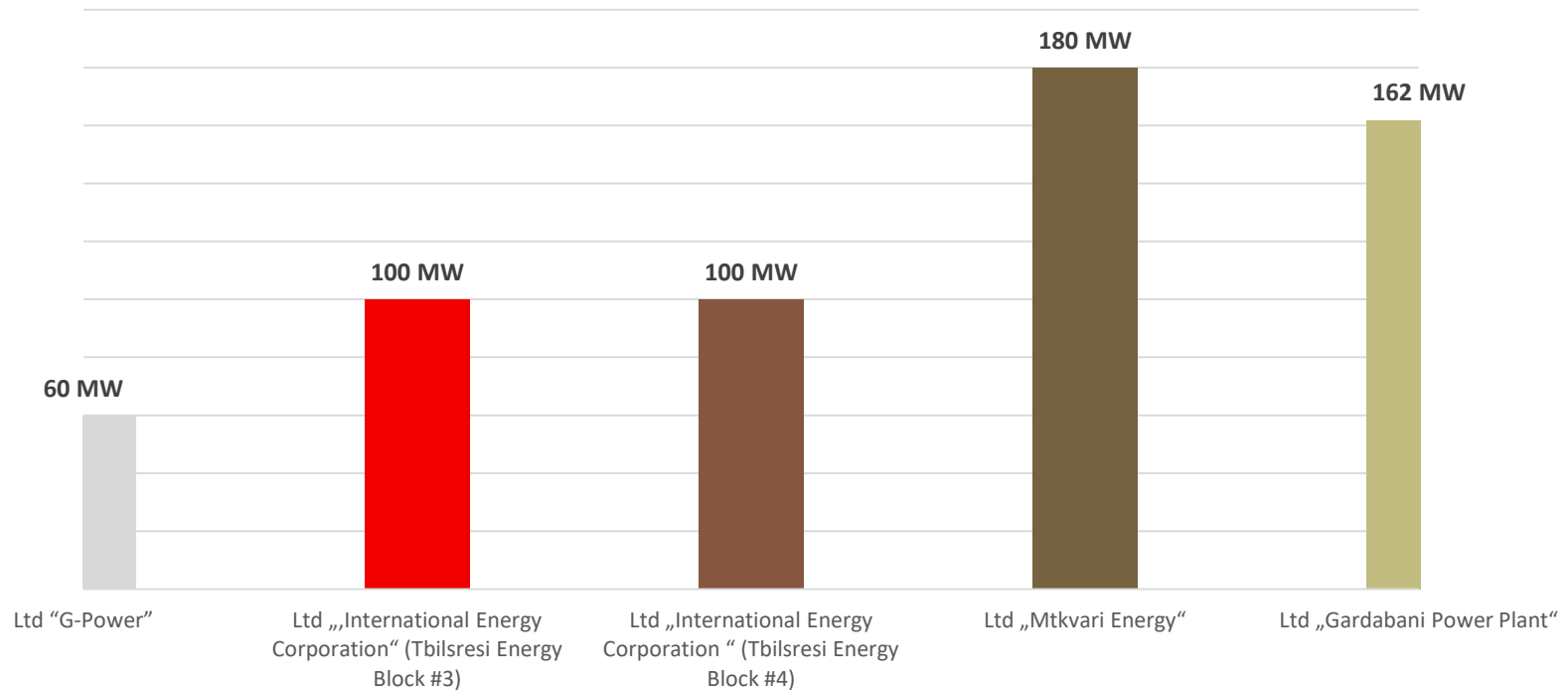
- **Trading of guaranteed capacity is carried out exclusively through ESCO under the standard terms of a direct contract.**

- **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.**

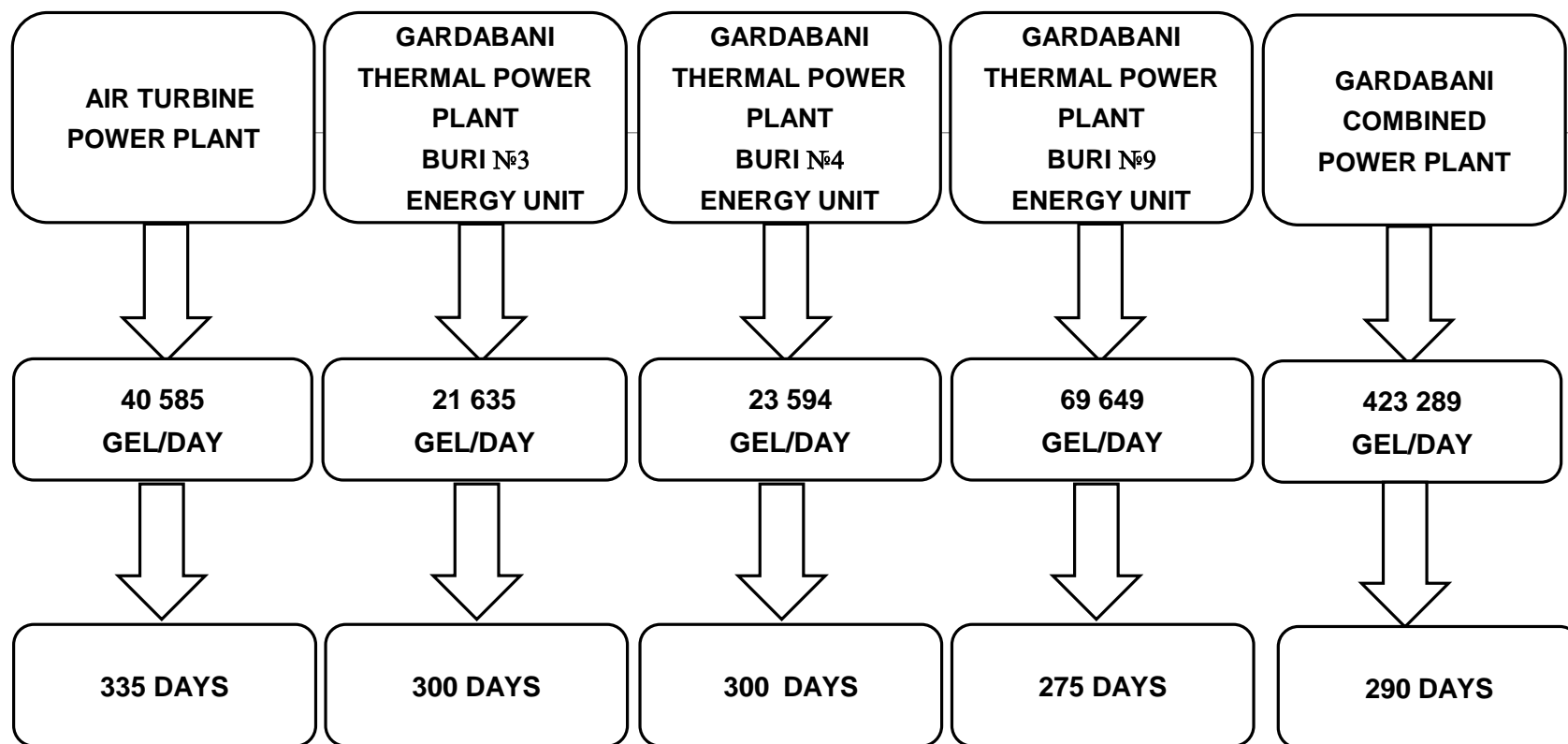


# Sources of Guaranteed Capacity Defined by the Government of Georgia and the Minimum Guaranteed Capacity Volume, 2021



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 2021 through 31 December 2021 (12 months), based on the calendar year.***

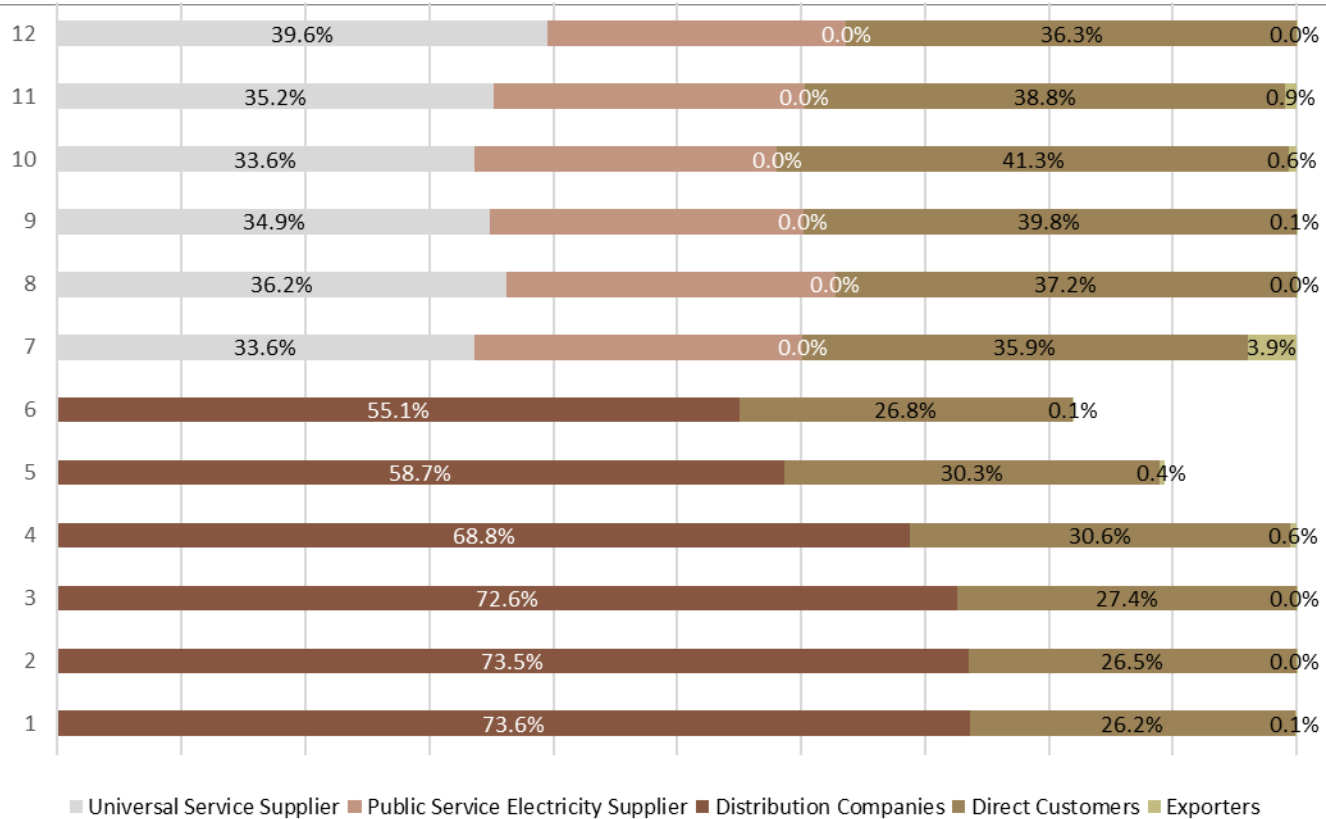


# Payments Received by Guaranteed Capacity Sources for Providing Guaranteed Capacity, 2021

Guaranteed Capacity Fee for Provided Capacity, 2021	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)	275	300	300	335	284
Guaranteed Capacity Price (M GEL)	19.15	6.49	7.08	13.60	112.17



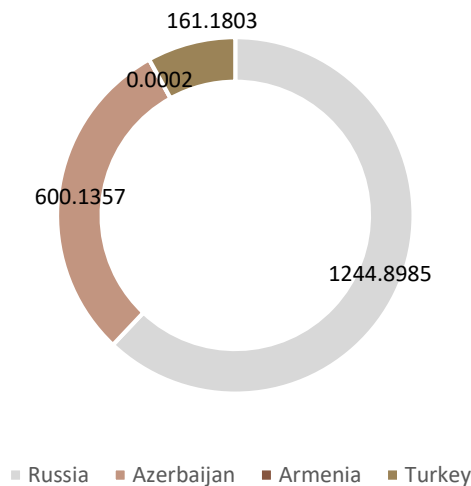
## Percentage Share of Purchases by Qualified Enterprises Purchasing Guaranteed Capacity in Total Electricity Purchases, 2021





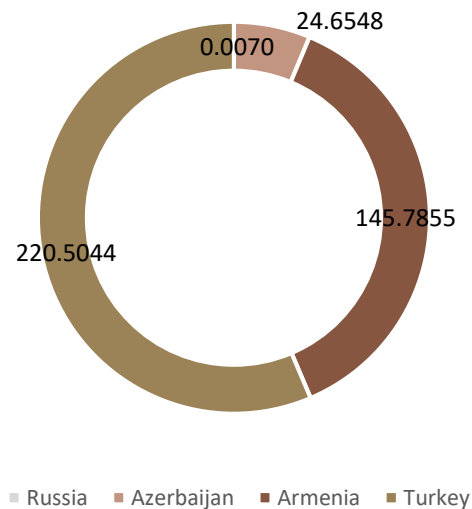
# Accounted Imports and Exports, 2021

Chart №1



- In 2021, out of the actual imports carried out (2066.215 M kWh) (Chart 1), 1586.213 M kWh were imported by ESCO, accounting for 79% of total actual imports.

Chart №2



- In 2021, out of the actual exports carried out (390.952 M kWh) (Chart 2), 74.777 M kWh were exported by ESCO, accounting for 19% of total actual exports.



# Promotion of the Construction of New Power Plants

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**According to the memoranda signed between the Government and investors, in 2021 a total of 5 mandatory electricity purchase agreements were concluded between the market operator and investors:**

**Government – ESCO – LLC “AAD”**

**Government – ESCO – LLC “Achara Water Georgia”**

**Government – ESCO – LLC “Energy Development Georgia”**

**Government – ESCO – LLC “New Technology 2014”**

**Government – ESCO – LLC “Artana Lopota”**



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