



JSC “Electricity System Commercial Operator”

**ACTIVITY REPORT
YEAR 2022**



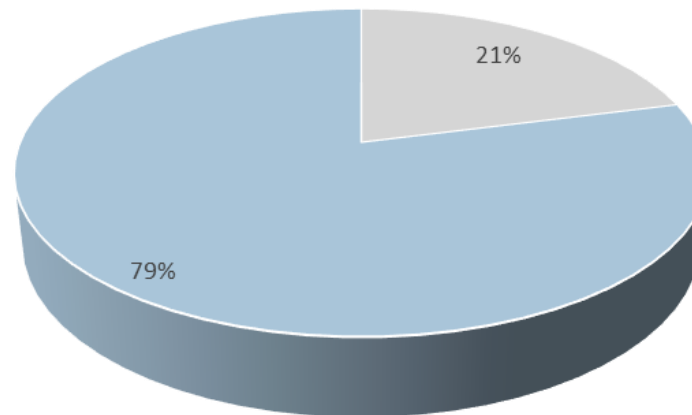
Main Fields of Operation

- **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 2022, the share of balancing electricity in wholesale electricity trading amounted to 21%.**



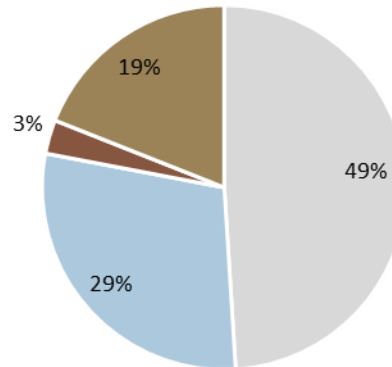
■ BALANCING ELECTRICITY ■ SOLD BY DIRECT CONTRACTS

Electricity Suppliers' Contribution to Balancing Electricity



The quantitative indicators of balancing electricity sellers and their percentage shares in 2022 are presented in the table below.

ELECTRICITY SELLERS	YEAR 2022	
	KWH	SHARE, %
HYDROPOWER PLANT	1 551 284 380.6	49%
THERMAL POWER PLANT	942 219 448.1	29%
QARTLI WIND FARM	87 321 360.0	3%
IMPORTER	616 000 575.8	19%
TOTAL	3 196 825 764.5	100%



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



Participation of Qualified Enterprises in the Procurement of Balancing Electricity

In 2022, the main purchasers of balancing electricity from ESCO were distribution energy companies and direct consumers. In addition, in 2022, for the purpose of ensuring electricity transit, losses were purchased by the Dispatch Licensee, whose share in balancing electricity purchases amounted to 2.4%.

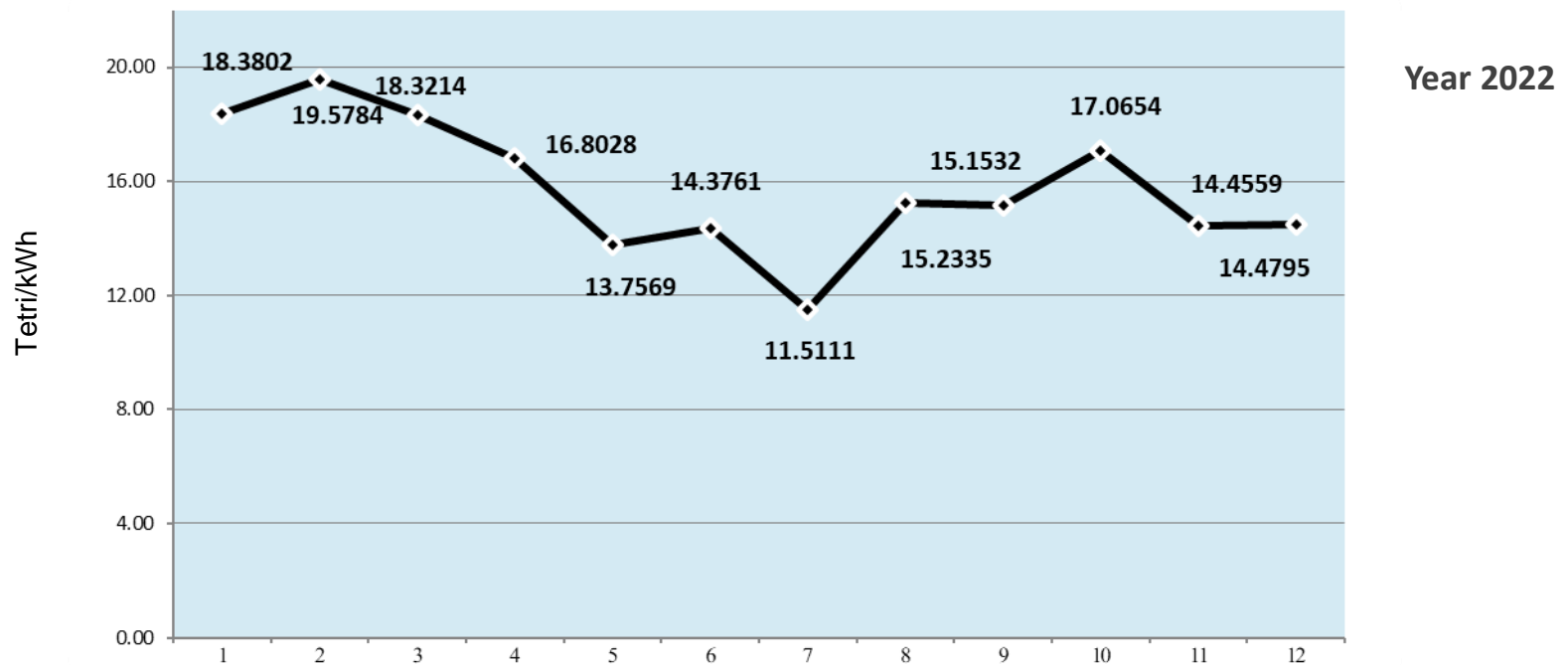
The respective shares of balancing electricity purchasers during this period are presented in the table.

Electricity Buyer	Year 2022	
	kWh	Share, %
Universal service provider	93 813 042.6	2.9%
Electricity Supplier Providing Public Service	1 130 345 214.4	35.4%
Direct consumer	830 432 535.6	26.0%
Distribution energy company	766 900 463.3	24.0%
Exporter	3 366 811.3	0.1%
Delivery to Abkhazia	3 277 344.1	0.1%
GSE (Ensuring the Compensation of Losses in the Transmission Network)	292 392 466.1	9.1%
GSE (Ensuring the coverage of transit losses)	76 297 887.1	2.4%
Total	3 196 825 764.5	100%



Formation of the Price of Balancing Electricity for Sale

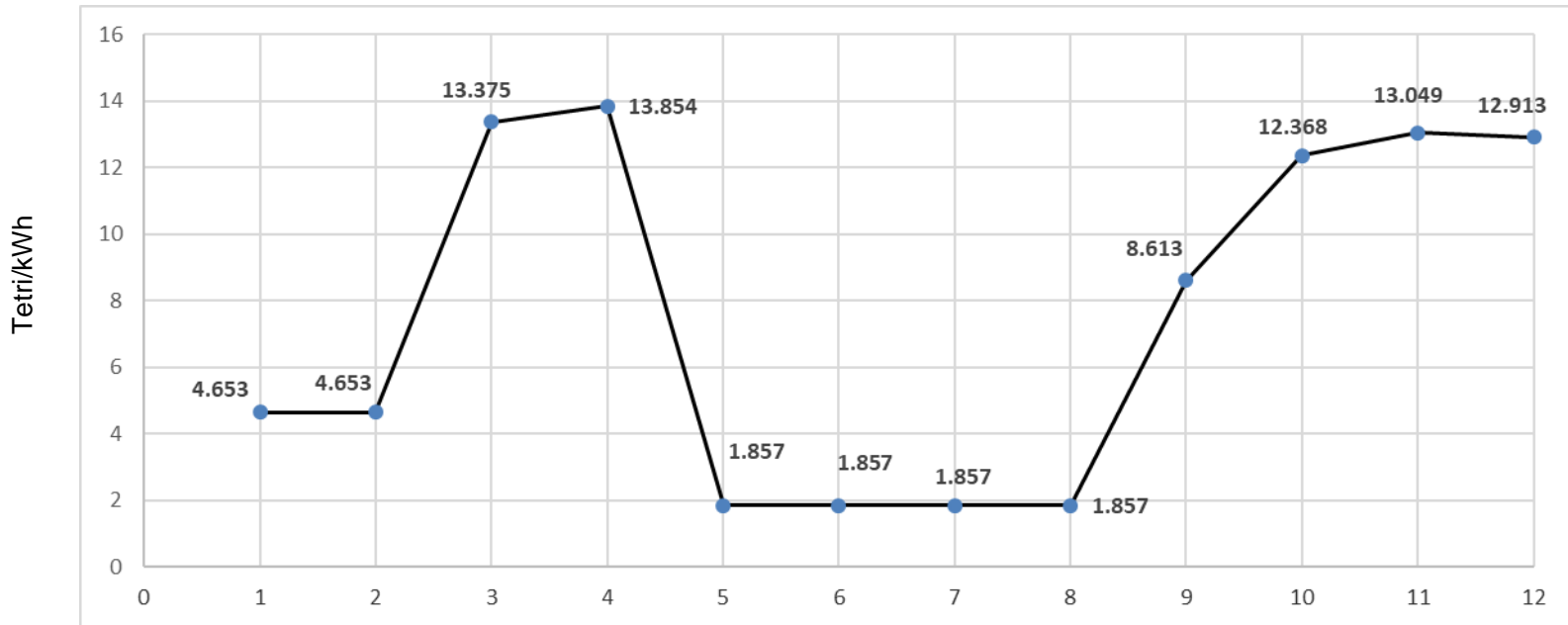
The price of balancing electricity for sale is determined based on the **Weighted Average Price** of balancing electricity purchased by ESCO.



Balancing Electricity Price for Small Deregulated Power Plants, 2022



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.



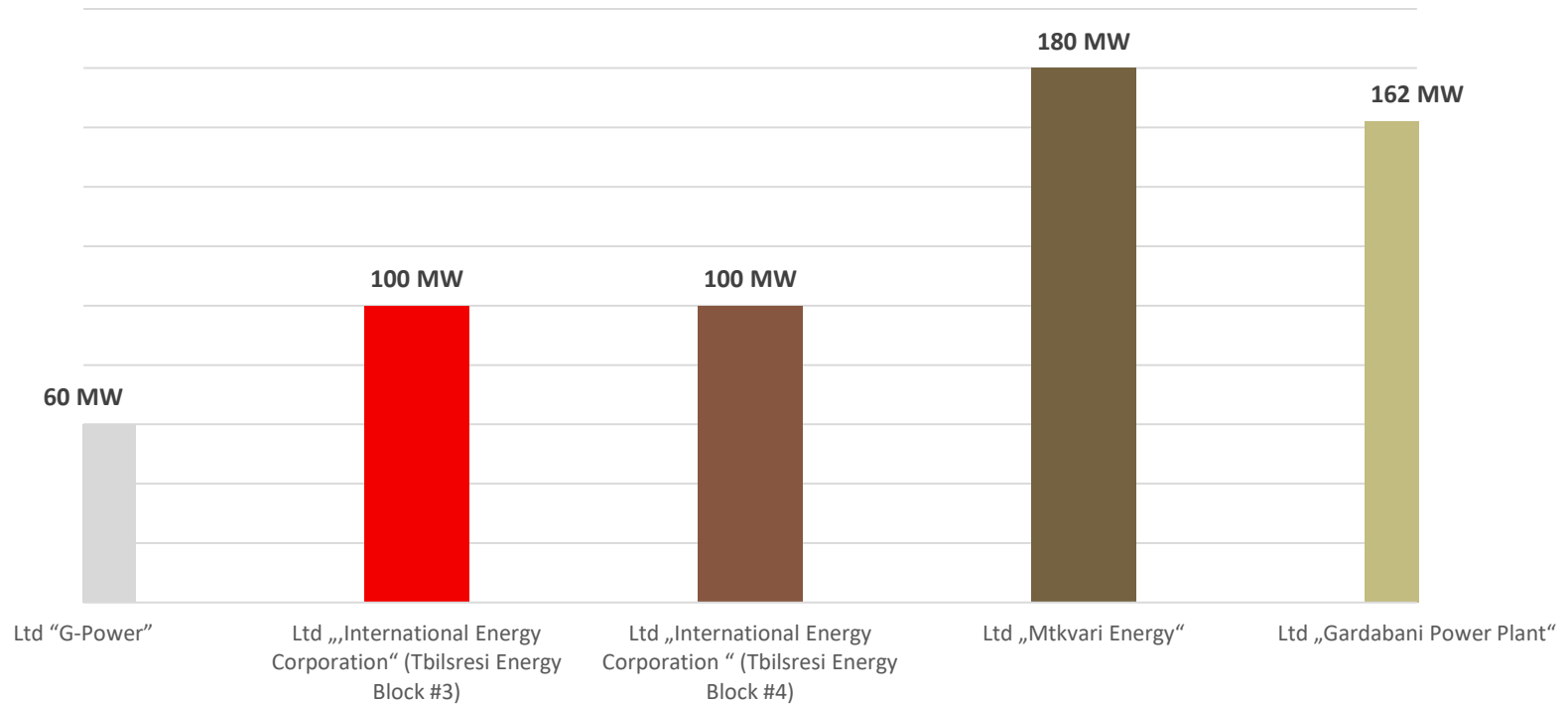
Guaranteed Capacity



- **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.**

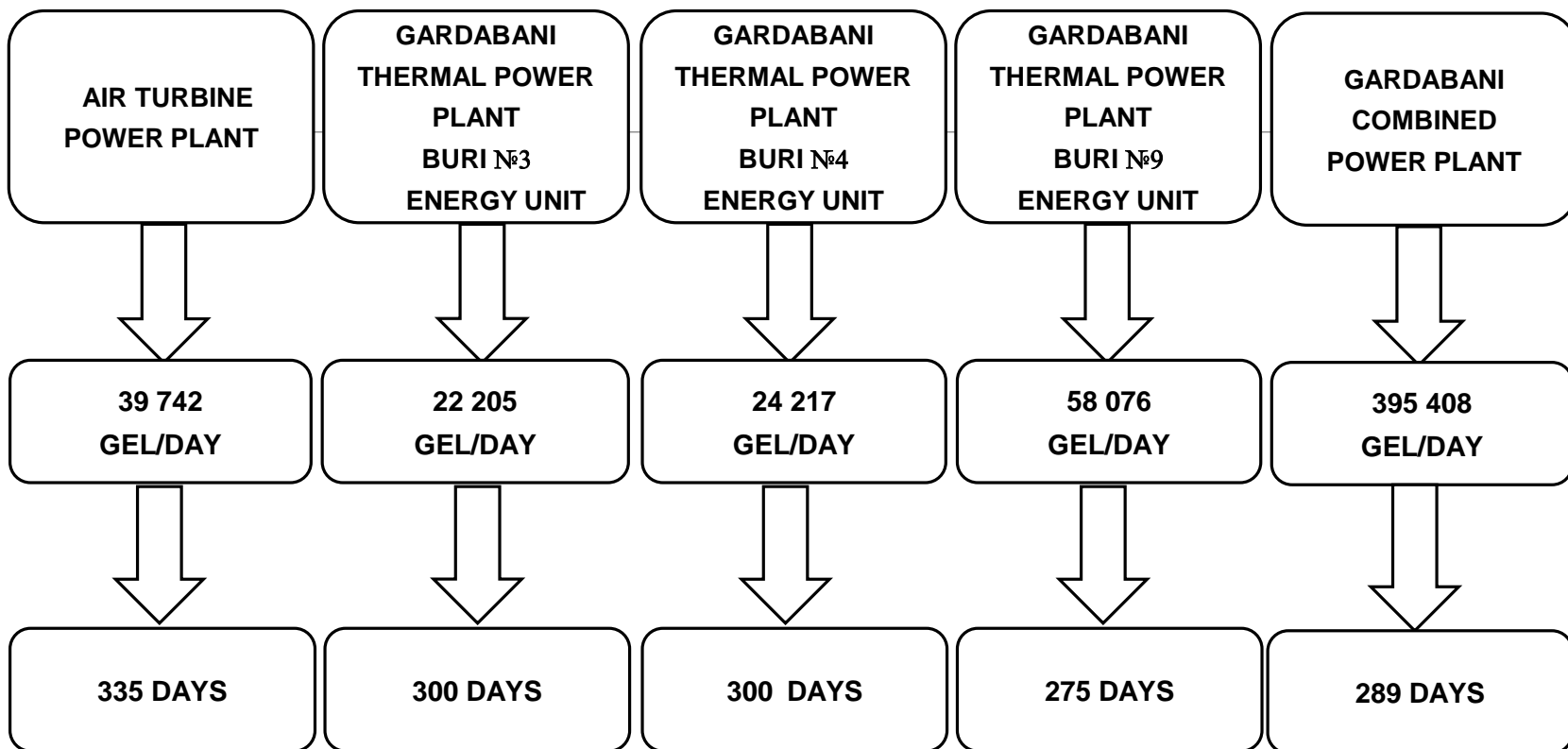


Sources of Guaranteed Capacity Defined by the Government of Georgia and the Minimum Guaranteed Capacity Volume, 2022



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.

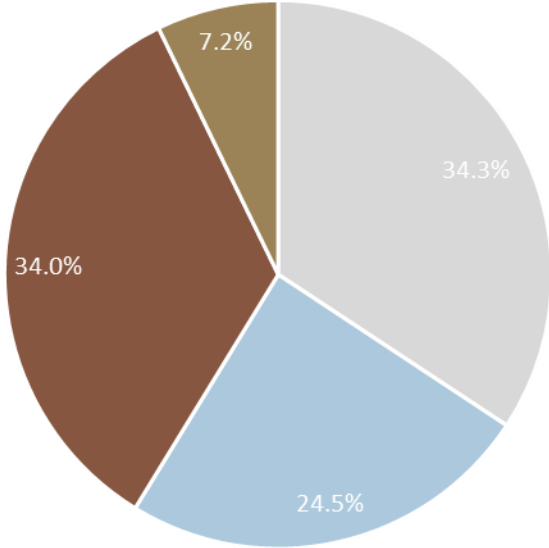
According to the resolution of the Regulatory Commission, the capacity provision periods (number of days) for Guaranteed Capacity Sources were established for the period from 1 January 2022 through 31 December 2022 (12 months), based on the calendar year.



Payments Received by the Sources for Providing Guaranteed Capacity, 2022

#	Qualified Enterprise	Year 2022	
		Availability Days (GEL)	Capacity Price (M GEL)
1	LLC "G Power"	335	13 313 570.00
2	LLC "International Energy Corporation" (Tbilsresi Unit #3)	300	6 661 500.00
3	LLC "International Energy Corporation" (Tbilsresi Unit #4)	300	7 265 100.00
4	LLC "Mtkvari Energy"	275	15 970 900.00
5	LLC "Gardabani Thermal Plant"	289	114 272 912.00

Share of Purchases by Qualified Enterprises Purchasing Guaranteed Capacity in Total Electricity Purchases, 2022

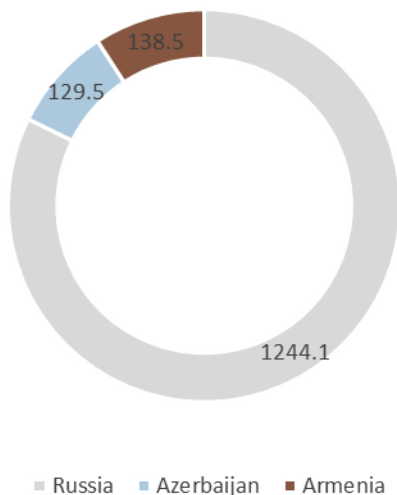


■ Universal Service Supplier ■ Public Service Electricity Supplier ■ Direct Customer ■ Exporter



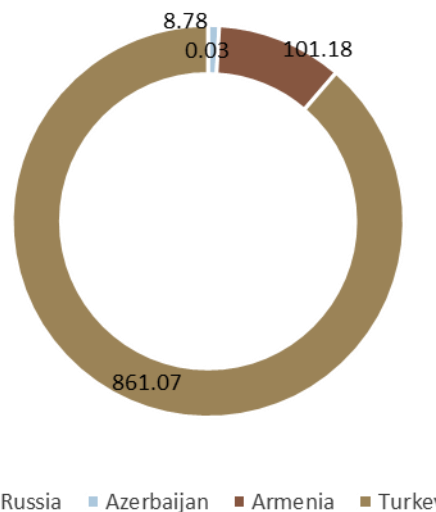
Accounted Imports and Exports, 2022

Chart №1



- In 2022, out of the actual imports carried out (1512.072 M kWh) (Chart 1), 1198.770 M kWh were imported by ESCO, accounting for 79% of total actual imports.

Chart №2



- In 2022, out of the actual exports carried out (971.054 M kWh) (Chart 2), 104.557 M kWh were exported by ESCO, accounting for 11% of total actual exports.



Promotion of the Construction of New Power Plants

According to the memoranda signed between the Government and investors, in 2022 a total of 3 mandatory electricity purchase agreements were concluded between the Market Operator and investors:

Government – ESCO – LLC “DM Energy”

Government – ESCO – LLC “AISI”

Government – ESCO – LLC “AISI”



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