



JSC “Electricity System Commercial Operator”

ACTIVITY REPORT
YEAR 2023



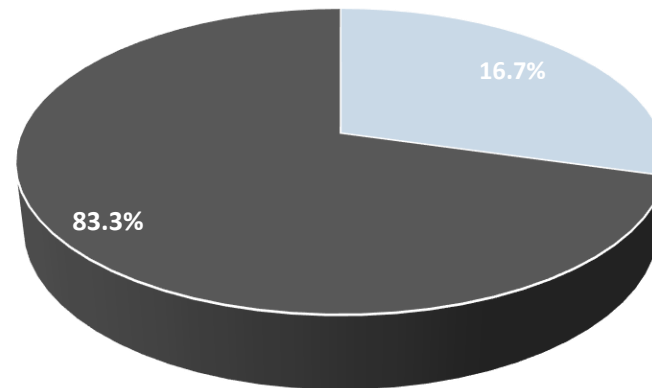
Main Fields of Operation

- **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 2023, the share of balancing electricity in wholesale electricity trading amounted to 16.7%.**



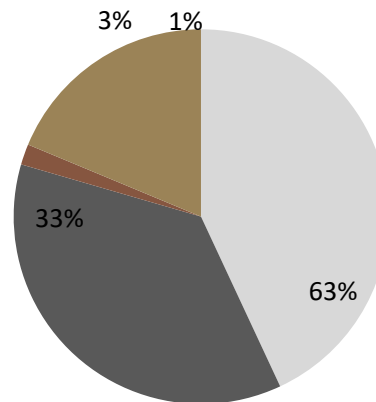
■ BALANCING ELECTRICITY ■ SOLD BY DIRECT CONTRACTS

Electricity Suppliers' Contribution to Balancing Electricity



The quantitative indicators of balancing electricity sellers and their percentage shares in 2023 are presented in the table below.

Electricity Seller	Year 2023	
	kWh	Share, %
Hydro Power Plant	1 564 666 889.2	63%
Thermal Power Plant	827 757 494.9	33%
Wind Power Plant	86 032 800.0	3%
Importer	13 449 642.8	1%
Total	2 491 906 826.9	100%



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

Participation of Qualified Enterprises in the Procurement of Balancing Electricity



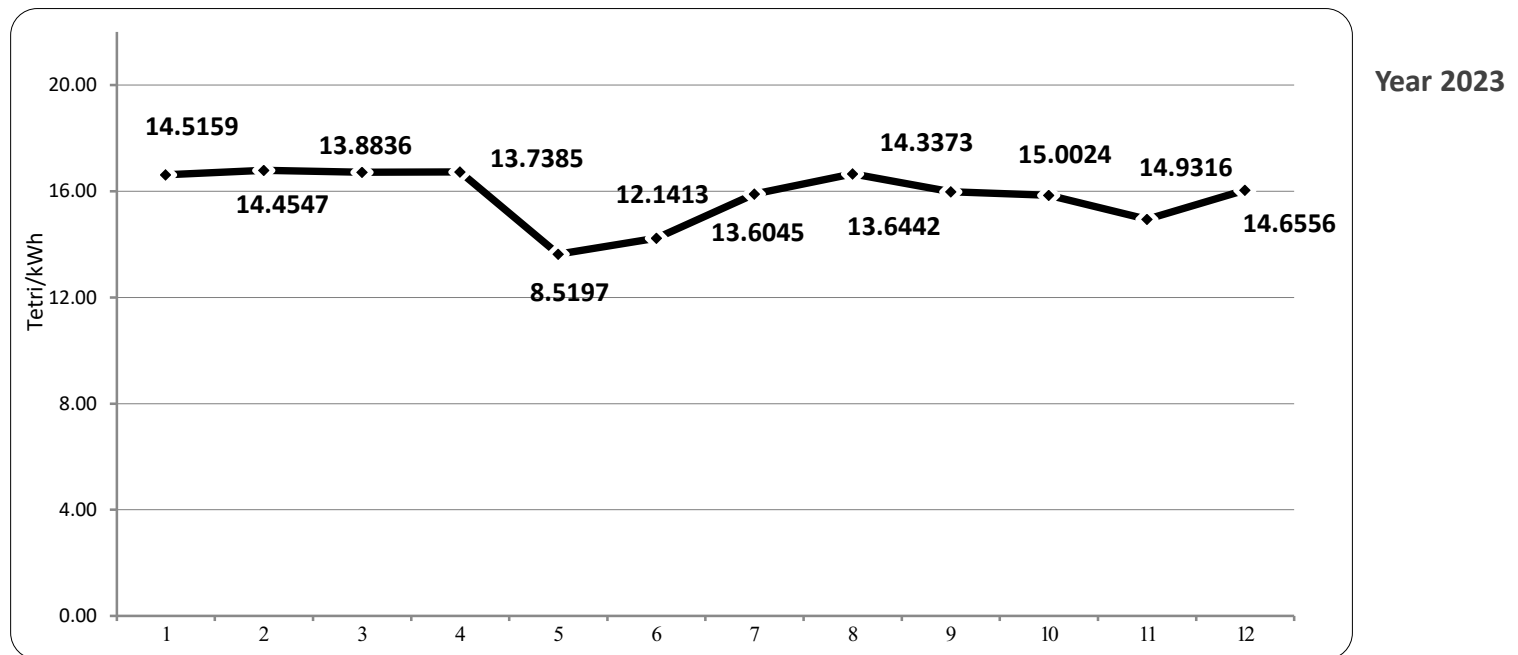
- In 2023, the main buyers of balancing electricity from ESCO were mainly public service electricity suppliers, the universal service supplier, and distribution energy companies, in relation to the procurement of losses in the distribution network. Also in 2023, electricity procurement for transmission losses was carried out by the dispatching licensee for the purpose of ensuring transit, whose share in balancing electricity purchases amounted to 12.4%.
- The proportional participation of balancing electricity buyers for this period is presented in the table.

Electricity Buyer	Year 2023	
	kWh	Share, %
Universal service provider	114 139 461.1	4.6%
Electricity supplier operating in the form of a public service	940 323 746.0	37.7%
Direct consumer	227 475 654.9	9.1%
Distribution energy company in relation to the procurement of energy losses.	771 914 909.2	31.0%
Exporter	2 522 653.9	0.1%
GSE (Ensuring the Compensation of Losses in the Transmission Network)	309 578 110.9	12.4%
GSE (for the purpose of covering transit losses)	68 998 824.2	2.8%
ESCO (Market Rules, Article 49)	56 953 466.7	2.3%
Total	2 491 906 826.9	100%



Formation of the Price of Balancing Electricity for Sale

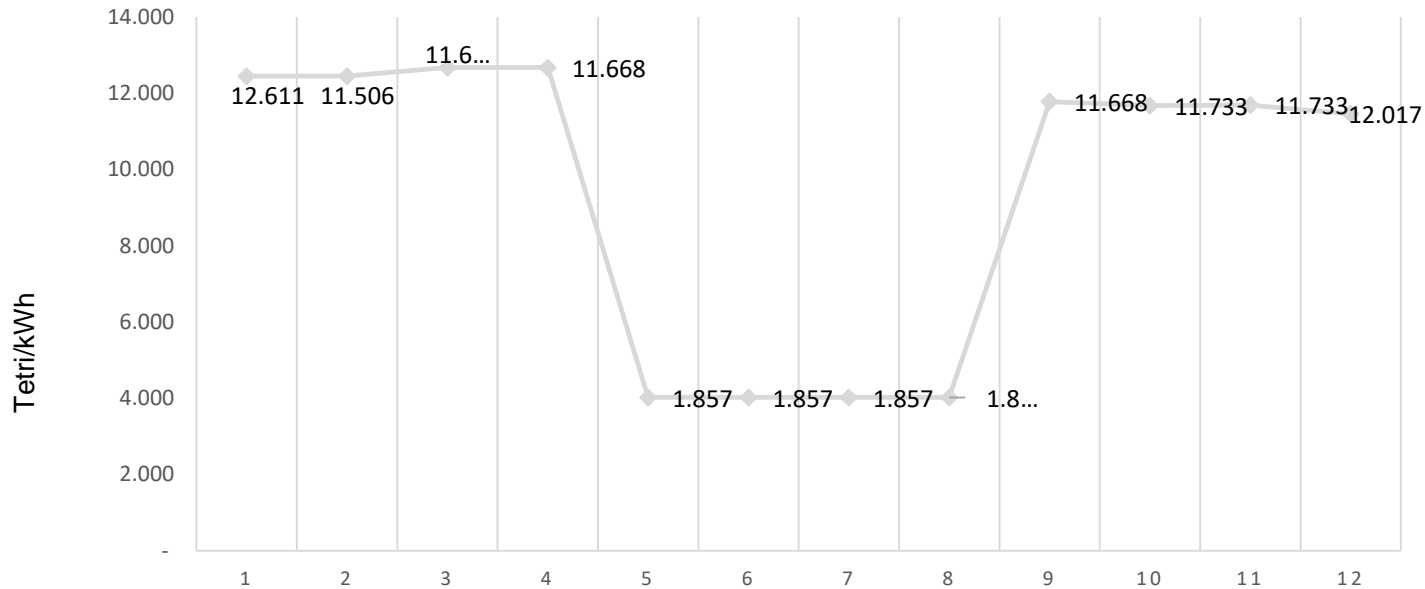
The price of balancing electricity for sale is determined based on the **Weighted Average Price** of balancing electricity purchased by ESCO.



Balancing Electricity Price for Small Deregulated Power Plants, 2023



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.



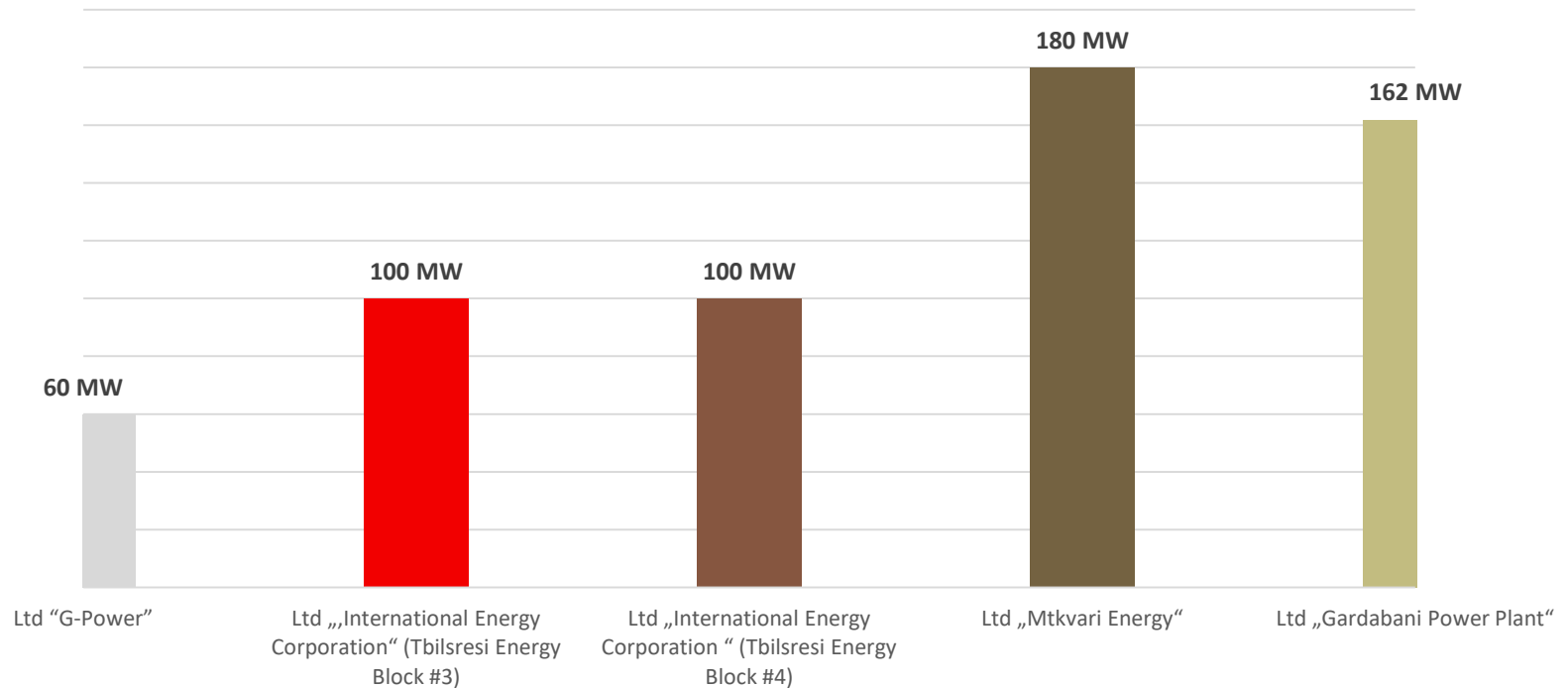


Guaranteed Capacity

- ▶ 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.

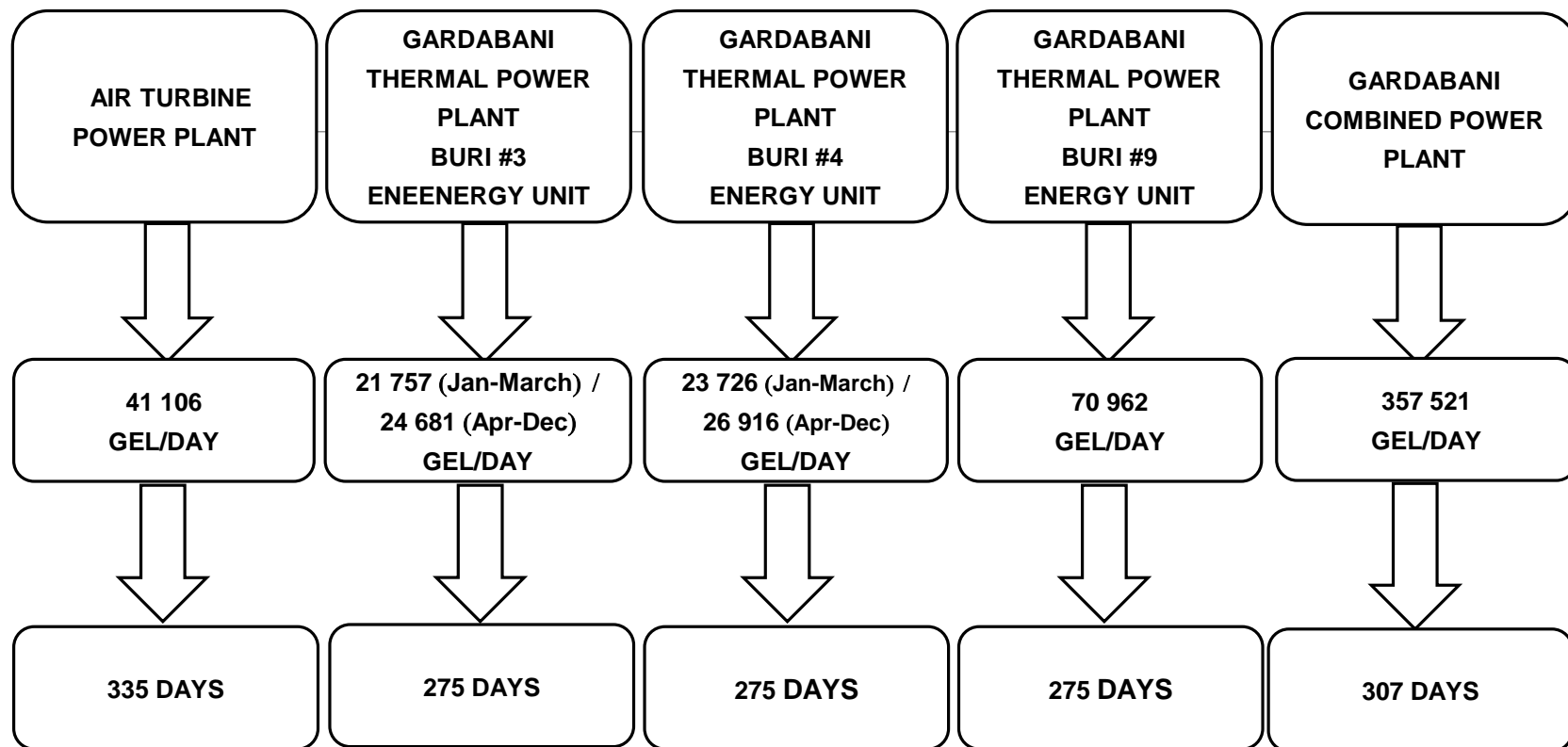


Sources of Guaranteed Capacity Defined by the Government of Georgia and the Minimum Guaranteed Capacity Volume, 2023



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 2023 through 31 December 2023 (12 months), based on the calendar year.

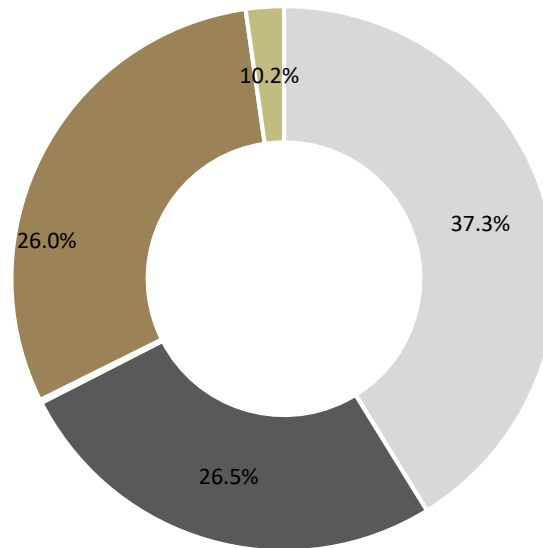


Revenue Received by Guaranteed Capacity Sources for Providing Guaranteed Capacity, 2023

#	QUALIFIED ENTREPRICE	YEAR 2023	
		Days of Availability (GEL)	Capacity Price (MIn GEL)
1	Ltd "G-Power"	334	13 729 404.00
2	Ltd „International Energy Corporation“ (Tbilsresi Energy Block #3)	275	6 527 039.00
3	Ltd „International Energy Corporation “ (Tbilsresi Energy Block #4)	275	7 117 990.00
4	Ltd „Mtkvari Energy“	274	19 443 588.00
5	Ltd „Gardabani Power Plant“	303	108 328 863.00



Percentage Share of Purchases by Qualified Enterprises Purchasing Guaranteed Capacity in Total Electricity Purchases, 2023

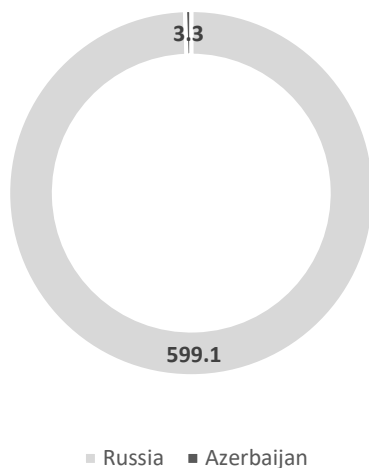


■ Universal Service Supplier ■ Public Service Electricity Supplier ■ Direct Customer ■ Exporter



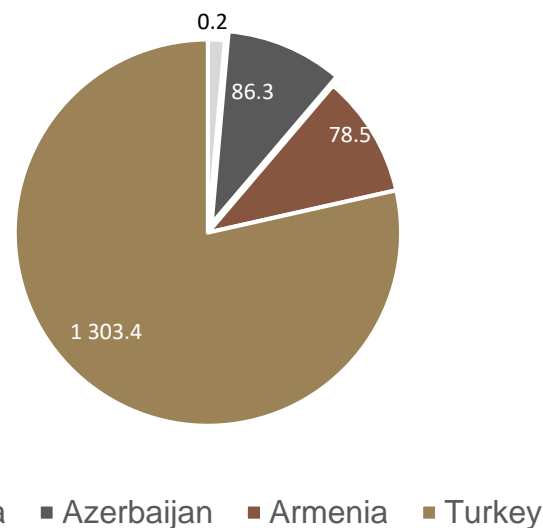
Accounted Imports and Exports, 2023

Chart №1



- In 2023, out of the actual imports carried out (602.407 M kWh) (Chart 1), 602.407 M kWh were imported by ESCO, accounting for 100% of total actual imports.

Chart №2



- In 2023, out of the actual exports carried out (1 468.354 M kWh) (Chart 2), 90.820 M kWh were exported by ESCO, accounting for 6.2% of total actual exports.



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