

Press Release

Agency “Business Media”, Zurab Gelenidze: “review of consumers’ tariff on electricity and natural gas is unavoidable”

**"ელექტროენერჯისა და გაზის
სამომხმარებლო ტარიფის გადახედვა
ბარდაუპვალაია"**



Financial Director of “Georgian Industrial Group”, Mr. Zurab Gelenidze attended the “Electricity Sector 2019”, the presentation of the research of “TBC Capital Research”. Mr. Gelenidze spoke about current situation of energetical sector and future expectations and unavoidable forecast on the background of GEL devaluation.

“Review of consumers’ tariff on electricity and natural gas in the terms of devaluation is unavoidable” Financial Director of “Georgian Industrial Group”, Mr. Gelenidze stated at the “Electricity Sector 2019”, the presentation of the research of “TBC Capital Research”.

Mr. Gelenidze also stated that in the terms of integration to open market the country will have to be in free floating regime with Turkey, Armenia and other neighboring countries and free flow of prices, resulting in to equivalence of prices.

We have heard the statements that the prices of electric multiple units and electricity should be cheapened and all will be cheaper than it is understood by us -by businessmen, economists, financiers.

Simple numerical data, construction of 5 gigawatt of installed capacity is declared in the country, in particular, the construction of 5 gigawatt is designed in the country and its greatest part is on its evaluation stage, whereas some of them are on implementation stage. How do you imagine, where we will be if majority of them are on their completion stage, what the consumers’ tariff will be in such case? Perhaps we will face with disaster in this case.

Logics given by the market on the basis of the purchasing requirements is followed by the business step-by-step. Thus, we can conclude that the investment background cannot be active in case of nonexistence of relevant requirements of purchasing power.



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This is the major challenge I see today – price and expectations. How do you imagine the simultaneous commissioning of all 6-cent electricity stations, where the consumers’ tariff would be or even electricity stations with higher power that are not only announced but already signed and some of them are on their implementation stage?

Now we will face with problems as the review of consumers’ tariff in the terms of devaluation of GEL is unavoidable. This applies to both, electricity and gas as it is a matter of clear regulation and both tariffs require further revision. The logic is very simple.

In the terms of integration to the open market the country will have to be in free floating regime with Turkey, Armenia and other neighboring countries and free flow of prices, resulting into the general equivalence. Current 4.5 cent in Turkey is the pure shock price that will certainly return to its benchmark not being far from that 8.4 cents tariff that was valid as of 2012 year, as there is an extraordinary situation and it cannot last for a long time.

Thus, I consider that the worst is ahead and review of consumers’ tariffs in the country is unavoidable”, Mr. Zurab Gelenidze said.

GIG - the company having 20 - year business experience is one of the largest Industrial Group in Georgia. Its business portfolio includes coal mining, electric power generation (hydro, natural gas and coal-fired stations) natural gas trade and real estate management.

