

July 9, 2024

## Day-ahead and Intraday Markets: The First Week of Trading

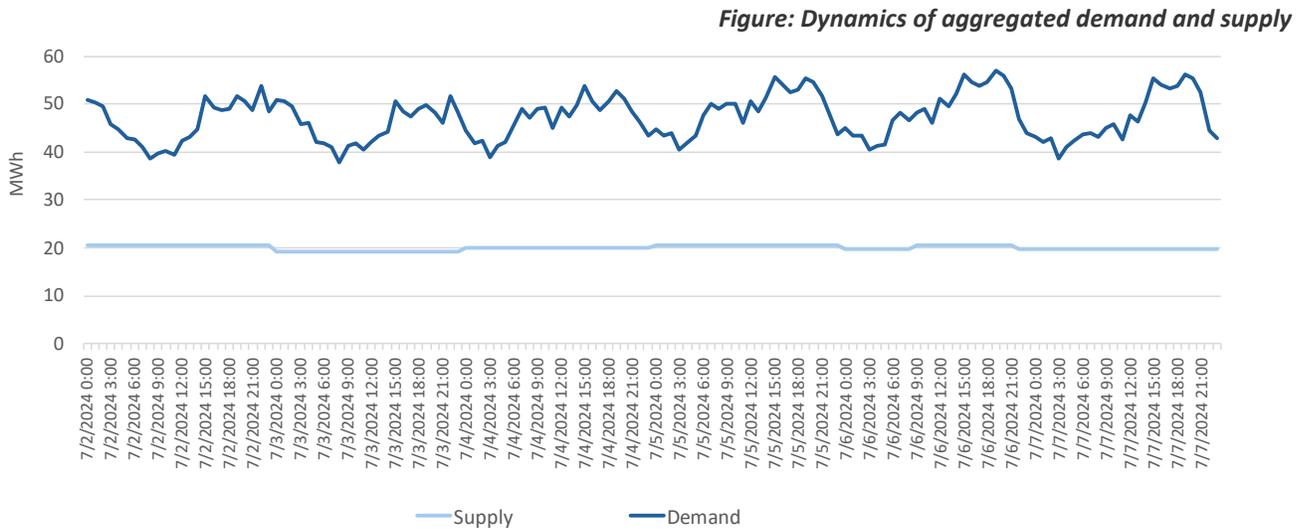
### Exchange Participants

The first auction on the electricity day-ahead market was conducted on July 1st, 2024. Four participants registered for the first auction. During the week, an additional two participants registered. According to the electricity market rules, the list of registered participants is published on our [website](#).

### Demand and Supply

The quantity of aggregated demand varied by hour and by day. The maximum quantity of aggregated demand was 57 MWh for the delivery period of July 6, 19:00-20:00.

During the first week, the quantity of aggregated supply remained consistent from day to day. The maximum quantity supplied, 20.6 MWh, was recorded on July 6th for the 09:00-20:00 delivery period.



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Compared to quantities supplied and demanded, there was slight variability in order prices. Buyers' willingness to pay remained consistent throughout the week at 122.75 GEL (12.275 Tetri/kWh). On the other hand, suppliers' willingness to sell varied slightly. For the delivery date of July 6th, 2024, the quantity supplied was offered at a minimum price of 126 GEL/MWh (12.6 Tetri/kWh). For the delivery date of July 6th, 2024, a small quantity of electricity was offered at a weekly minimum price of 126 GEL/MWh (12.6 Tetri/kWh).

**Figure: Offered prices on the day-head market**



As expected, there was lower activity on the intraday market. Fewer participants placed bids on the intraday market for several days during the week.



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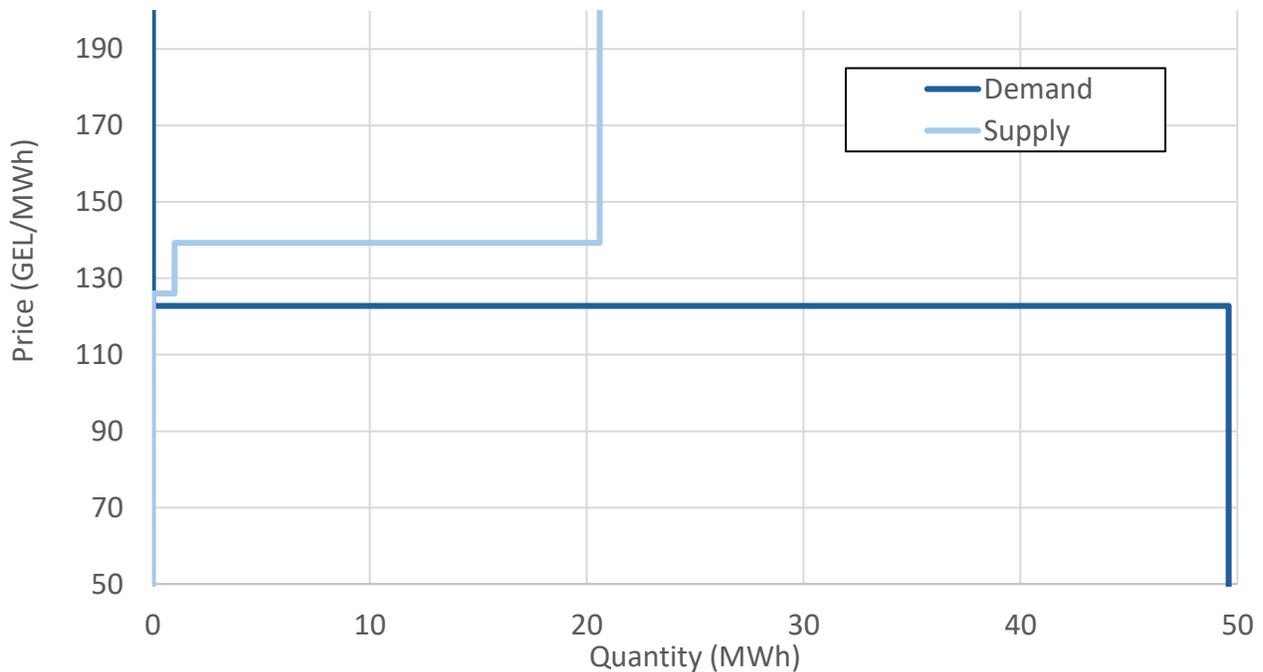
## Transactions

### *Buying/Selling electricity*

Though there was a willingness to buy and sell electricity from both sides, albeit not in small quantities, no transactions occurred on the day-ahead and intraday markets during the first week. Throughout each hour of the first week, the willingness to pay was lower than the minimum offer price set by sellers.

The graph shows the aggregated supply and demand curves for the delivery period of July 6th, 2024, 12:00-13:00. As shown on the figure, there is no intersection between these curves because there is a gap of 3.25 GEL/MWh (0.325 tetri/kWh) between the minimum offer price and the maximum willingness to pay. A similar situation occurred for other delivery periods as well.

*Figure: Aggregate supply and aggregate demand curves for July 6, 2024, 12:00-13:00*





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### **How does a participant decide the prices at which to sell and the prices at which to buy electricity?**

In the transitioning market model, hourly products are traded on the Exchange, and the balancing period, during which traded electricity and actual production/consumption are compared, is a month.

Therefore, a participant faces an alternative: if they can't sell electricity on the Exchange, they will have the opportunity to sell unsold electricity either through bilateral contracts or as balancing electricity. Hence, the prices indicated in both buying and selling orders reflect their expectations related to the prices of bilateral contracts and balancing electricity. For example, if a participant expects that they will be able to sell electricity through bilateral contracts in the range of 120-140 GEL/MWh, they will offer electricity considering this expectation.

The same principle applies to buyers.

### **Assessment of the first week**

The first week was marked by exploring new trading opportunities. We observed small changes in offer strategies, which may be related to changing price expectations for July.

For now, only a small part of wholesale market participants are registered on the Exchange; most are observing. This observation includes monitoring both the transactions that have occurred and the prices offered.

GENEX will continue to assess processes regularly and will publish its assessments periodically.