



CFA in Open Access PPAs India 2026: Charges, Exemptions and Landed Cost

By Sudarshan Karweer · 29 August 2026 · growthifye.com

A 2026 practitioner guide to cross-subsidy surcharge, additional surcharge and wheeling impacts on open access PPA economics in India.

India's open-access market in 2026 is no longer a simple story of "solar at Rs 3.0/kWh versus DISCOM at Rs 8.0/kWh". For most commercial and industrial buyers, the investment case now turns on one practical question: which charges apply, which exemptions are available, and how stable are those assumptions over the PPA term?

That is where CFA in corporate power procurement becomes critical. In market conversations, users often use "CFA/charges" as shorthand for the full set of open-access commercial adjustments that sit between the generator busbar tariff and the consumer's landed delivered cost. These include cross-subsidy surcharge, additional surcharge, wheeling charges, transmission charges and losses, SLDC fees, banking-related adjustments, and state-specific surcharges or duties. A project with a headline tariff of Rs 3.10/kWh can land at Rs 4.40/kWh in one state and above Rs 6.00/kWh in another, depending on structure and consumer profile.

This article focuses on a distinct angle from typical open-access primers: how to think about CFA components in 2026 as a decision framework for third-party versus group captive procurement, lender diligence and board-level approval. The goal is not to repeat generic definitions, but to help buyers and developers identify which charge assumptions actually move savings, risk and bankability.

Why CFA is the real pricing battleground in 2026

In 2026, several structural trends make charge analysis more important than ever:

- DISCOM energy charges for many HT industrial consumers remain elevated, often in the Rs 7.0-10.5/kWh range depending on state, voltage level, ToD slab and duty.
- Utility tariff design is becoming more granular, with demand charges, ToD differentials and fuel-cost adjustments materially affecting the baseline against which open access is evaluated.
- Open-access generation tariffs have moderated for good-resource solar and hybrid projects, but not enough to compensate for badly modelled surcharges.
- Banking rules are tighter in many states, reducing the ability to smooth hourly mismatch cheaply.
- States continue to reinterpret or periodically revise surcharge frameworks, which directly affects project IRR and debt-service coverage.

For this reason, sophisticated buyers do not ask only "What is the tariff?" They ask:

- Which charges are avoidable under third-party open access?
- Which charges are exempt under group captive?
- Are additional surcharge exemptions durable or conditional?
- How much of the savings depend on banking?
- What happens if annual procurement patterns or captive shareholding drift?



A 50-70 paise/kWh error in charge modelling can make the difference between a board-approved transaction and a rejected one.

The core charge stack: what sits between busbar and landed cost

For most open-access transactions, landed cost is built from the following elements:

- Generator/PPA tariff: the base discovered tariff, often around Rs 2.8-3.6/kWh for plain solar and higher for firming or hybrid supply in 2026, depending on tenure, location and risk allocation.
- Transmission charges and losses: applicable depending on intra-state or inter-state routing, point of injection and applicable waivers or exemptions.
- Wheeling charges and wheeling losses: generally relevant where power uses state distribution or wheeling networks.
- Cross-subsidy surcharge: commonly one of the largest adders in third-party open access.
- Additional surcharge: meant to compensate the DISCOM for stranded fixed costs; highly state-specific and often litigated.
- SLDC scheduling, system operation and application charges.
- Banking charges, banking losses or banked-energy forfeiture, where banking is allowed.
- Electricity duty or tax, where applicable.
- Deviation, balancing and profile-management costs, especially for non-flat demand shapes.

In practice, not every component applies in every deal. The economics depend on four filters:

- Consumer state and voltage level
- Procurement structure: third-party or group captive
- Project location: intra-state or cross-state
- Consumption profile: daytime match, seasonal load, shutdown patterns and ToD exposure

This is why a credible bid comparison exercise must go beyond tariff discovery and include [Demand & ToD analysis](/coreservices/greenenergyppa/demandandtodanalysis) plus state-specific charge mapping.

Third-party open access: simple structure, heavier surcharge exposure

Third-party open access remains attractive for buyers that want contractual simplicity, zero equity participation in the SPV and easier portfolio scaling across multiple plants or locations. But in 2026, the biggest constraint on third-party economics is surcharge incidence.

In many states, third-party buyers continue to face:

- Full cross-subsidy surcharge
- Additional surcharge unless specifically exempted or stayed
- Wheeling and transmission charges as applicable
- Banking restrictions and related costs

A stylised example helps. Assume an intra-state solar OA supply to an HT industrial consumer:

- PPA tariff: Rs 3.05/kWh
- Transmission and wheeling charges/loss impact: Rs 0.45/kWh
- Cross-subsidy surcharge: Rs 1.35/kWh



- Additional surcharge: Rs 0.70/kWh
- SLDC and misc.: Rs 0.05/kWh
- Banking and balancing impact: Rs 0.20/kWh

Indicative landed cost: Rs 5.80/kWh

If the consumer's effective DISCOM landed energy cost is Rs 8.20/kWh, the transaction still works. But if the benchmark is closer to Rs 6.30-6.80/kWh after demand-normalisation and ToD adjustment, the savings become thin, especially once curtailment and change-in-law buffers are included.

This is why third-party OA is strongest where:

- DISCOM tariffs are high and surcharge-heavy states still leave room for savings
- The consumer has a daytime-heavy load and low banking dependence
- The buyer values flexibility over captive compliance management
- The procurement is part of a broader [Sourcing strategy]/(coreservices/greenenergyppa/sourcingstrategy) across states and plants

Developers and lenders also prefer clarity on surcharge pass-through language. If CSS or AS changes are passed fully to the consumer, bankability may improve, but the buyer's savings certainty declines. If the developer absorbs part of the risk, tariff rises or debt terms may tighten.

Group captive: exemption-led economics, but compliance risk matters

Group captive continues to be the most powerful route for reducing landed cost where consumers can comply with ownership and consumption conditions. The familiar rule architecture remains the anchor in 2026:

- Captive users collectively must hold at least 26% of ownership in the captive generating plant or SPV.
- Captive users collectively must consume at least 51% of the power generated on an annual basis.
- For group captive, proportionality tests between shareholding and consumption remain a critical diligence item.

Where valid captive status is maintained, the biggest commercial advantage is usually exemption from cross-subsidy surcharge. In several practical cases, this alone improves economics by Rs 1.0-2.0/kWh versus third-party structures. Depending on the state and prevailing orders, other charge treatment may also differ, though buyers should not assume blanket exemption from every network-related component.

A comparable stylised example for group captive could look like this:

- PPA/equivalent energy charge: Rs 3.00/kWh
- Transmission and wheeling charges/loss impact: Rs 0.45/kWh
- Cross-subsidy surcharge: Rs 0.00/kWh due to captive exemption
- Additional surcharge: treatment depends on state/order; assume Rs 0.25/kWh residual impact or contingency
- SLDC and misc.: Rs 0.05/kWh
- Banking and balancing impact: Rs 0.20/kWh

Indicative landed cost: about Rs 3.95-4.10/kWh



That differential is why group captive remains central for energy-intensive manufacturers, data-heavy industrial operations and multi-site buyers with long-term load visibility. But the lower landed cost comes with a more demanding risk register:

- Annual captive compliance failure can trigger retrospective surcharge exposure.
- Share transfers, mergers or internal restructuring can disturb ownership thresholds.
- Consumption variation due to shutdowns, demand destruction or product mix shifts can weaken the 51% test.
- Multi-buyer SPVs need tighter allocation governance and monthly tracking.
- Exit provisions are harder than in pure third-party PPAs because equity, offtake and compliance are interlinked.

In other words, group captive often solves the charge problem but creates a governance problem. That is manageable, but only with disciplined [PPA structuring & negotiation](/coreservices/greenenergyppa/ppastructuringandnegotiation) and compliance monitoring.

Additional surcharge is the most misunderstood line item

Among all CFA components, additional surcharge is frequently the least understood in boardroom discussions and the most dangerous in model assumptions. Many teams assume it will either not apply or will remain static. That is rarely a safe assumption.

In 2026, additional surcharge must be assessed through three practical lenses:

- Legal applicability in the relevant state and transaction structure
- Current effective rate under the latest order, not last year's consultant slide
- Probability of revision, challenge, stay or reinterpretation during the PPA tenor

For lenders, AS is often treated as a sensitivity case because:

- It can materially alter DSCR in surcharge-sensitive states
- It may be revised faster than base utility tariffs
- Treatment may differ between third-party and captive pathways

For consumers, the right question is not merely "What is AS today?" but:

- Is AS already embedded in my benchmark DISCOM tariff comparison?
- If AS changes by 50 paise/kWh, does my annual saving still justify transaction effort?
- Is there a floor-saving provision, renegotiation trigger or partial risk-sharing mechanism?

A practical investment committee memo should model at least three scenarios:

- Base case with current notified AS
- Stress case with 25-50% increase
- Relief case with exemption, stay or lower future incidence

Any project that only works in the relief case is not ready for approval.

Banking, RPO and ToD shape the usable value of open-access energy

Even where surcharge economics are favourable, the usable value of renewable energy depends on timing and settlement rules. Two buyers with the same annual consumption can have sharply different savings



depending on shift pattern, monthly load profile and the state's banking construct.

Banking in 2026 is increasingly selective:

- Some states allow limited monthly banking with charges or losses
- Several apply restrictive settlement windows
- Many settle surplus banked power at low pooled or avoided-cost rates
- Peak-period adjustment may be constrained

For a consumer with steady daytime demand, low banking access may not be fatal. For a batch-process plant with intermittent offtake, poor banking can destroy the apparent savings in a low headline tariff. This is why landed-cost modelling must convert annual energy assumptions into interval-level usability.

RPO treatment also remains relevant, especially for obligated entities and for corporates managing sustainability disclosures. Open-access renewable procurement can support compliance strategy, but buyers should verify:

- Whether the structure and metering support the intended claim pathway
- How environmental attributes are handled contractually
- Whether any state-specific accounting or reporting requirement affects the transaction

The more mature buyers in 2026 are integrating tariff savings, RPO alignment and ToD optimisation into one commercial model rather than treating them as separate decisions.

A 2026 decision framework for buyers, developers and lenders

For corporate consumers, the choice between third-party and group captive should usually be made through a five-step screen:

- First, establish the true DISCOM benchmark tariff using billed demand, energy slabs, ToD and duty.
- Second, build a state-specific charge matrix for both third-party and captive pathways.
- Third, test load shape, banking dependence and curtailment exposure.
- Fourth, evaluate captive-governance capability, not just theoretical surcharge exemption.
- Fifth, run downside cases for charge revisions and consumption underperformance.

For developers:

- Do not lead only with busbar tariff.
- Present landed cost transparently.
- Separate fixed current charges from variable risk assumptions.
- Offer a clean change-in-law and surcharge pass-through framework.

For lenders:

- Verify the source and date of every charge assumption.
- Review captive compliance mechanics in detail where applicable.
- Stress-test annual generation-consumption matching.
- Examine whether equity exit or buyer substitution can impair captive status.

The winning projects in 2026 are not those with the lowest quoted tariff. They are the ones with the most resilient delivered-cost structure.



What the market should expect next

Over the next 12-24 months, market participants should expect continued divergence across states rather than a uniform charge regime. Three patterns are likely:

- Higher scrutiny of open-access migration where DISCOMs face industrial consumer erosion
- More sophisticated structuring by large C&I buyers, including portfolio approaches by state and load type
- Greater emphasis on data-backed pre-bid diligence, especially around charge sensitivity and banking value

That makes transaction preparation more important than ever. A buyer entering the market with a one-line mandate to “get solar below grid tariff” is likely to receive misleading comparisons. A buyer entering with plant-wise baseline data, charge scenarios and a defined preference on risk allocation is far more likely to secure a durable outcome.

In practice, that means investing upfront in Demand & ToD analysis, charge mapping, developer bid normalisation and post-award Landed-cost management rather than relying on tariff headlines.

Open access in India still offers strong value in 2026. But the value is no longer automatic. It must be engineered through the right structure, the right state, the right charge assumptions and the right contract mechanics.

If your team is evaluating third-party or group captive procurement, charge exemptions, banking risk or landed-cost competitiveness, contact Growthifye's advisory desk for a practical assessment of your project, state and consumer profile.

Explore Growthifye's related capabilities

This analysis connects directly to our advisory practice: [Demand & ToD analysis](/coreservices/greenenergyppa/demandandtodanalysis) · [Sourcing strategy](/coreservices/greenenergyppa/sourcingstrategy) · [Competitive developer selection](/coreservices/greenenergyppa/competitivedeveloperselection) · [PPA structuring & negotiation](/coreservices/greenenergyppa/ppastructuringandnegotiation).

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