



India CCTS 2026: How Industry Can Use Carbon Markets and MRV to Cut Costs

By Sudarshan Karweer · 28 August 2026 · growthifye.com

A 2026 practitioner guide to India CCTS, Article 6, MRV, MACC and cost-effective decarbonisation for Indian industry.

India's carbon policy landscape is changing quickly in 2026. For Indian industry, the strategic issue is no longer limited to disclosure under BRSR Core or export exposure under CBAM. A new operating question is emerging: how should companies prepare for India's Carbon Credit Trading Scheme, build credible MRV systems, and decide which decarbonisation measures to do in-house versus which carbon instruments to buy or sell?

This matters because carbon is becoming a managed cost item. For steel, cement, chemicals, refineries, fertilisers, textiles, commercial real estate, data centres and large diversified groups, carbon performance now affects energy procurement, compliance readiness, customer qualification, lender diligence and long-term competitiveness. In practice, firms that combine plant-level emissions data, a robust MACC and a realistic market view will make better capex choices than firms that treat carbon only as an ESG reporting issue.

This article sets out a practitioner framework for 2026: what India CCTS means, how MRV should be designed, where Article 6 may matter, and how carbon markets should fit into an industrial decarbonisation strategy rather than replace it.

Why India CCTS matters in 2026

India notified the Carbon Credit Trading Scheme framework under the Energy Conservation Act architecture to create a national carbon market. In 2026, the market is still evolving in terms of detailed trajectories, covered entities, methodologies, registry operations and interaction with existing schemes. But the direction is clear: large emitters and energy-intensive sectors must prepare for compliance-grade emissions accounting and auditable monitoring.

For many companies, the practical implications are immediate even before all market phases mature:

- Corporate boards want visibility on future carbon cost exposure.
- Lenders increasingly ask whether decarbonisation capex is linked to measurable emissions reduction.
- Export-oriented manufacturers need a reconciled emissions baseline across domestic compliance, customer questionnaires and border-carbon requirements.
- Internal investment committees need a common basis to compare rooftop solar, open access solar, waste-heat recovery, boiler conversion, electric process heat and low-carbon fuels.

A decade ago, energy managers mainly tracked power cost, fuel cost and PAT-related performance. In 2026, leading companies track a fourth variable as well: the shadow cost of carbon. Depending on sector and geography, using an internal carbon price of USD 25-60 per tCO₂e for planning is now common in serious scenario analysis, even if the domestic compliance market is still building liquidity. At an exchange rate of roughly INR 83-85 per USD, that implies around INR 2,075-5,100 per tCO₂e as a planning range for long-term decisions.



That range is not a forecast of near-term Indian allowance prices. It is a decision tool. The companies that benefit most are those that use it to rank abatement projects before policy forces them to do so.

Carbon markets are not a substitute for a MACC

A common mistake in board discussions is to jump from carbon disclosure to buying offsets or planning future credit purchases. That is the wrong sequence. The right sequence starts with emissions mapping, then a marginal abatement cost curve, then a market strategy.

A robust MACC shows:

- Which measures reduce emissions at negative cost
- Which measures are low-regret and bankable today
- Which measures depend on future fuel prices, carbon prices or incentives
- Which residual emissions are genuinely hard to abate and may need market instruments later

For Indian industry in 2026, many Scope 1 and Scope 2 reductions remain cheaper than expected when evaluated properly over asset life.

Examples seen in practice include:

- Open access solar or hybrid RE replacing grid power for C&I users at delivered tariffs often in the range of INR 4.0-5.5 per kWh, depending on state, banking, scheduling and contract structure
- Behind-the-meter rooftop solar typically effective where daytime load is stable and shadow tariff is above INR 6-7 per kWh
- Boiler and steam-system optimisation with paybacks often under 24 months
- VFDs, compressed-air optimisation and process integration at abatement costs that are frequently negative
- Partial electrification of low- and medium-temperature heat where grid plus renewable sourcing economics beat furnace oil or LPG in selected applications

This is why [Net-zero roadmaps & MACC](/coreservices/netzerodecarbonisation/netzeroroadmapsandmac) should sit at the centre of decarbonisation planning. If a company knows that 35-50 percent of its baseline emissions can be cut with measures below its weighted average cost of capital threshold, it will approach carbon market participation very differently from a company that treats all emissions as unavoidable.

Building MRV that works for compliance, finance and operations

MRV means monitoring, reporting and verification. In policy language it sounds administrative. In practice it is an operational data architecture problem.

Most Indian companies already have fragments of emissions data spread across energy bills, ERP systems, plant logbooks, DG runtime records, fuel purchase ledgers, weighbridge data and vendor declarations. The problem is not absence of data. The problem is consistency, controls and auditability.

An effective MRV system in 2026 should be designed for three simultaneous uses:

- Compliance readiness under India CCTS and related regulations
- Disclosure alignment across BRSR Core, customer requests and lender diligence
- Internal decision support for procurement, operations and capex

At a minimum, plant-level MRV design should include:



- Organisational boundary definition by legal entity, site and operational control
- Source-wise emissions inventory for stationary combustion, process emissions, fleet fuel use, purchased electricity, steam and key Scope 3 categories where material
- Metering hierarchy with identified primary and fallback data sources
- Fuel NCV, emission factor and oxidation-factor protocols where applicable
- Monthly reconciliation between production, energy and emissions data
- Change logs for methodology updates and restatements
- Verification-ready document retention

For large industrial sites, the difference between weak and strong MRV can materially change reported intensity. Consider a cement, metals or chemicals facility where alternate fuels, captive generation and third-party utilities all interact. If electricity imports, wheel-through renewable procurement and captive thermal generation are not reconciled correctly, Scope 2 and Scope 1 may both be misstated. If calcination or process emissions are estimated from generic coefficients instead of plant chemistry, abatement claims can become unreliable.

This is where [Carbon accounting & disclosure](/coreservices/netzerodecarbonisation/carbonaccountinganddisclosure) and [Carbon markets & MRV](/coreservices/netzerodecarbonisation/carbonmarketsandmrv) need to be integrated rather than run as separate workstreams. Companies that maintain one data set for sustainability teams and another for plant operations usually end up with avoidable verification issues.

How to think about India CCTS exposure by sector

Not all sectors face the same timeline or risk profile. A practical sector lens helps.

Power-intensive manufacturing such as aluminium, chlor-alkali, data centres and parts of engineering manufacturing should focus first on power procurement strategy. If 50-80 percent of emissions come from purchased electricity, then RE-led Scope 2 reduction is the fastest lever. In several states, the economics of open access solar, hybrid wind-solar and storage-backed renewable procurement are already more material than future carbon market prices in the near term.

Thermal-fuel-intensive sectors such as ceramics, food processing, textiles, pharmaceuticals and commercial heating applications should examine fuel switching and process heat electrification. PNG, biomass, briquettes, electric boilers, heat pumps and induction-based systems each have different abatement costs depending on load factor and process temperature. Below roughly 120-150°C, electrification increasingly deserves serious screening, especially where round-the-clock renewable sourcing can be structured.

Hard-to-abate sectors such as steel, fertilisers, refineries, long-haul transport and high-temperature process industries should assume a more gradual technology transition. Here, green hydrogen and other green fuels are strategic but not yet universally cost-competitive. In 2026, delivered green hydrogen costs in India vary widely by project configuration, utilisation and renewable sourcing, but often remain above incumbent fossil-based alternatives without policy support or premium demand. That means companies should separate no-regret actions from pilot pathways:

- Improve energy and material efficiency now
- Maximise low-cost renewable electricity use now
- Build MRV for future product-level claims now



- Pilot hydrogen or derivative fuels where technical fit is real
- Avoid overcommitting to expensive abatement before demand-side offtake or policy support is visible

Article 6 and voluntary demand: where do they fit?

Article 6 under the Paris Agreement matters because it creates pathways for international cooperation in emissions reduction and transfer of mitigation outcomes. For Indian project developers and corporates, the relevance is growing, but it must be handled carefully.

The first point is strategic: not every emission reduction inside India should automatically be exported through international carbon transactions. Domestic compliance needs, host-country authorization rules, corresponding adjustments, buyer preferences and reputational risk all matter.

The second point is commercial: credit revenue should usually be treated as upside, not as the sole basis for project viability, unless the methodology, approval path and buyer pipeline are unusually strong. This is especially important for industrial decarbonisation projects where core economics should stand on energy savings, fuel savings or compliance value.

Possible areas of relevance include:

- Methane reduction and waste management projects
- Certain industrial fuel-switching or efficiency interventions where methodologies are accepted
- Emerging removals and engineered carbon solutions, though these remain highly quality-sensitive
- Jurisdictional or sectoral cooperation structures over time

In the Indian context, companies should ask four questions before building a carbon-credit business case:

- Is the reduction additional beyond business-as-usual and likely to meet methodology tests?
- Could the same reduction be needed for domestic compliance or corporate target claims?
- What is the MRV cost per tonne reduced?
- Who is the likely buyer, and what quality screens will they apply?

A tonne that is cheap to reduce is not necessarily cheap to verify, issue and sell. Transaction cost discipline matters.

A decision framework for CFOs, sustainability heads and plant teams

The most useful 2026 approach is to combine abatement planning with carbon-market readiness in one investment framework.

Step 1: Build the baseline.

Create a facility-level inventory for Scope 1 and 2, with material Scope 3 categories where relevant to customers or regulation. Use monthly data and identify emissions hotspots by site, process and energy source.

Step 2: Develop the MACC.

Rank opportunities across efficiency, renewable power, storage, fuel switching, electrification, process redesign and green fuels. Use realistic tariffs, capex, O&M, downtime assumptions and state-specific policy conditions.

Step 3: Apply a carbon-price sensitivity.



Test project economics at multiple internal carbon prices, for example INR 1,500, 3,000 and 5,000 per tCO₂e. This reveals which projects become strategic under tighter future policy.

Step 4: Build the MRV stack.

Define data owners, meters, calculation protocols, version control and verification procedures. If possible, digitise meter integration and automate monthly emissions dashboards.

Step 5: Map market interface.

Determine whether the company is likely to be a compliance buyer, seller, neutral participant or future project developer under carbon market mechanisms.

Step 6: Align financing and procurement.

For bankable measures such as open access renewable procurement, captive solar, boilers, motors, waste heat and electrification, integrate emissions reduction into lender and board approval notes. This improves decision speed and reduces later restatement risk.

The goal is not to forecast every policy detail perfectly. The goal is to ensure that when CCTS rules tighten, the company already knows its cost curve, data quality and response options.

What Indian companies should do in the next 12 months

For 2026-27, the smartest companies will focus on preparedness actions that deliver value under multiple futures.

Priority actions include:

- Establish a single enterprise emissions baseline with plant-level granularity
- Identify the top 10 abatement levers by cost, ease and implementation time
- Lock in cost-competitive renewable electricity where site and state conditions support it
- Screen low- and medium-temperature process heat for electrification feasibility
- Quantify residual hard-to-abate emissions separately from avoidable emissions
- Create an MRV manual that can survive third-party verification
- Train finance, operations and sustainability teams on one common emissions methodology
- Evaluate whether any project pipeline is suitable for carbon market monetisation without double-claim risk

For many firms, the biggest hidden value is managerial, not just environmental. Once emissions are measured accurately, energy waste, procurement inefficiency and process variability become easier to see. Carbon discipline often improves operating discipline.

That is why the strongest decarbonisation programmes in India are no longer report-led. They are operations-led and finance-tested. They use carbon markets as a strategic layer on top of real industrial transition, not as a substitute for it.

In 2026, India CCTS and Article 6 should be read as signals to professionalise emissions management. Companies that act now can lower future compliance risk, improve competitiveness and direct capex toward the lowest-cost abatement first. Companies that wait for every rule to be finalised may find themselves paying more for both carbon and energy.



If your organisation needs a practical plan covering MRV design, abatement prioritisation, market readiness and financeable decarbonisation pathways, contact Growthifye's advisory desk.

Explore Growthifye's related capabilities

This analysis connects directly to our advisory practice: [Carbon accounting & disclosure](/coreservices/netzerodecarbonisation/carbonaccountinganddisclosure) · [Net-zero roadmaps & MACC](/coreservices/netzerodecarbonisation/netzeroroadmapsandmacc) · [RE-led decarbonisation](/coreservices/netzerodecarbonisation/releddecarbonisation) · [Industrial efficiency & electrification](/coreservices/netzerodecarbonisation/industrialefficiencyandelectrification).

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