



India RE Refinancing 2026: Lower Cost Debt for Solar, Wind, Storage

By Sudarshan Karweer · 02 September 2026 · growthifye.com

How India renewable projects can refinance in 2026 to cut cost of debt, release equity and improve DSCR across solar, wind and storage.

India's renewable-energy refinancing market in 2026 has become a strategic lever, not just a treasury exercise. For operating solar, wind, hybrid and storage-linked assets, refinancing can lower the weighted average cost of debt, release sponsor equity, improve DSCR headroom, fund capex upgrades and align repayment structures with actual plant performance. For lenders, it is a route into seasoned assets with operating history, visible cash flows and lower construction risk. For C&I offtakers, utilities and policymakers, it matters because cheaper and better-structured capital can directly influence tariff competitiveness, portfolio expansion and system reliability.

Unlike initial project finance, refinancing starts with an existing operating track record and a known set of contractual and technical facts. That shifts the conversation from pure execution risk to asset quality, offtake resilience, receivables behaviour, curtailment history, module and inverter performance, evacuation stability, degradation assumptions and sponsor governance. In 2026, with policy support continuing through agencies such as IREDA, PFC and REC, and with domestic banks showing more comfort on operational renewable assets, well-prepared projects can often secure meaningfully tighter pricing and more efficient structures than they did at original financial close.

This article looks at how refinancing is working in India renewable energy in 2026, where value is actually created, what lenders are underwriting, and how sponsors should prepare.

Why refinancing matters in 2026

Three market conditions are driving refinancing activity this year.

First, many projects financed during tighter liquidity phases or higher risk perception windows are carrying debt priced above what their now-demonstrated operating profile would justify. A utility-scale solar asset closed at, say, 10.25% to 11.25% all-in cost of debt during construction may now be refinanceable in the 8.10% to 9.25% range if offtake quality, receivables and generation stability are acceptable. For top-tier counterparties and stronger portfolios, pricing can be even tighter depending on tenor, security package and lender competition.

Second, India's renewable fleet is maturing. Large pools of solar and wind commissioned between 2020 and 2024 have now built sufficient operating history for lenders to underwrite on actual performance rather than P50-only forecasts. That creates room to resize debt on better CUF evidence, reduced uncertainty on degradation, and more realistic O&M cost curves.

Third, sponsors need capital recycling. Equity tied up in operational assets is expensive if new bid pipelines, C&I platforms, storage additions or hybrid augmentation opportunities are available. Refinancing can release cash through permitted distributions, intercompany debt repayment or partial recapitalisation, subject of course to covenant and lender approval.

In practical terms, refinancing in 2026 is attractive when one or more of the following outcomes is possible:

- lower coupon by 100 to 250 basis points



- extend tenor by 2 to 5 years
- shift from aggressive sculpting to a smoother amortisation profile
- increase debt quantum against stable operating cash flow
- fund augmentation such as DC oversizing, inverter replacement or storage add-ons
- consolidate multiple SPV loans into a portfolio-level facility
- remove restrictive construction-era covenants that no longer fit operations

Which assets are refinanceable now

Not every renewable project is refinanceable on good terms. Lenders are selective, and 2026 underwriting is data-heavy.

The strongest candidates are:

- utility-scale solar with 12-24 months of stable generation and state or central offtake with manageable receivable cycles
- wind assets with at least two high-quality wind seasons of operating data and low machine-availability issues
- hybrid projects where dispatch profile and scheduling performance are now visible
- C&I open-access portfolios with diversified offtakers, low churn and proven payment behaviour
- solar-plus-storage or firm renewable configurations where revenue stack is contractually clear and operational controls are demonstrated

Projects face friction when they have one or more of these issues:

- prolonged DISCOM receivables beyond underwritten assumptions
- repeated curtailment without compensation clarity
- unresolved change-in-law claims
- transmission bottlenecks or weak evacuation redundancy
- litigation around land, permits or tariff adoption
- plant underperformance versus base case by more than 5% to 7%
- concentrated C&I offtake risk with weak customer credit

For operating assets, lenders increasingly benchmark against actual trailing metrics rather than sponsor narratives. A refinance case that says tariff is secure but shows average collections at 210 days will be assessed very differently from one with 75-120 day collections and a well-documented payment waterfall.

What lenders in India are underwriting

By 2026, refinancing diligence for renewable projects has become more granular. IREDA, PFC, REC, infrastructure-focused NBFCs and private banks all have appetite, but they look hard at cash-flow durability.

Key underwriting areas include:

- trailing 12- to 24-month generation versus P50 and lender case
- CUF stability by season and outage classification
- inverter and turbine availability
- curtailment frequency and whether compensation exists under PPA terms



- receivables days and ageing by counterparty
- payment security mechanism, LC usage and state support where relevant
- O&M contractor strength, LTSA terms and spare strategy
- insurance claims history and business interruption treatment
- land title and permit continuity
- GST, tax and regulatory compliance status
- forecast major maintenance and equipment replacement capex

Typical operating-case debt metrics in 2026 vary by asset class and offtake profile, but broad lender comfort zones are along these lines:

- minimum DSCR around 1.20x to 1.30x for stronger utility-scale contracted assets
- average DSCR often expected above 1.30x to 1.40x
- tighter thresholds for C&I or merchant-linked cash flows
- loan life coverage assessed more closely where tenor extension is requested

For seasoned utility-scale solar with central-agency-linked offtake or stronger state payment experience, lenders may stretch leverage more comfortably than they would for single-buyer open-access portfolios. By contrast, C&I portfolios can still refinance well in 2026, but the credit story must be built customer by customer, including concentration, sector mix, contract tenor, security deposit, bank guarantee support and historical churn.

This is where [Lender-grade financial modelling]/(coreservices/greenfinancing/lendergradefinancialmodelling) becomes central. Refinance underwriting is not just about showing a lower interest rate. It requires a model that reconciles historical operating data, revised degradation, receivable timing, refinancing costs, prepayment charges, reserve movements, tax effects and distribution lock-up triggers.

Where value is really created in refinancing

Many sponsors focus only on coupon reduction. That is a mistake. In 2026, the biggest value in refinancing often comes from structure.

Consider a 100 MW solar project with an original tariff of Rs 2.85 per kWh, annual net generation of around 175-185 million units, existing debt of Rs 420-450 crore and an original loan amortisation that was back-ended poorly for the actual receivables cycle. Even if refinancing reduces interest cost by only 125 basis points, the combined benefit from lower coupon, tenor realignment and smoother repayment could materially improve annual free cash flow.

Potential value levers include:

- reduction in annual debt service outgo
- release of trapped DSRA or excess reserve balances where justified
- improved distribution capacity to sponsors after covenant tests
- cash extraction for redeployment into new projects
- funding for module cleaning automation, SCADA upgrades or inverter augmentation that improves yield
- simplification of multi-lender security and intercreditor arrangements

For wind assets, another value lever is the use of actual generation history to revise downside assumptions more intelligently. Some projects were initially financed with conservative generation estimates due to site



uncertainty or turbine-model caution. Once performance is evidenced over multiple seasons, refinancing may allow a more accurate debt profile, though lenders will still retain prudent haircuts.

For C&I platforms, value creation can come from aggregation. A sponsor with 15-20 MW projects across multiple states may refinance scattered higher-cost bilateral loans into a larger portfolio facility. That can reduce pricing, standardise covenants and improve lender visibility on portfolio diversification. The trade-off is that weaker sub-assets become visible too, so portfolio data quality must be strong.

Pricing, tenor and structure in 2026

Refinancing terms vary widely by technology, scale, sponsor strength and counterparty profile, but some practical 2026 ranges are visible in the market.

For stronger operational utility-scale solar and wind assets:

- all-in rupee debt pricing may land broadly in the 8.00% to 9.25% band
- tenor can extend to match residual PPA life, often with 10-15 year door-to-door structures depending on remaining term
- amortisation is typically sculpted to projected cash flow, but lenders are resisting overly aggressive back-ending

For C&I portfolios:

- pricing is often higher, commonly around 9.25% to 11.00% depending on customer mix and security
- tenor is usually shorter than utility-contracted assets due to offtake tenor and churn considerations
- cash traps and portfolio performance triggers are more common

For hybrid and storage-linked structures:

- pricing depends heavily on contracted revenue visibility and dispatch risk allocation
- lenders want clarity on augmentation capex, replacement cycles and operating controls

Execution costs also matter. Sponsors must account for:

- foreclosure or prepayment charges on existing debt
- stamp duty and documentation expenses
- trustee and security perfection costs
- updated technical, legal and insurance diligence fees
- swap or hedging implications where applicable

A refinance that looks cheaper on interest rate alone can disappoint if transaction costs and covenant tightening are ignored. The right approach is to test net present value of refinancing, payback period on transaction costs, and impact on equity IRR under base and downside cases.

Common refinancing pitfalls

A number of refinance processes stall not because the asset is weak, but because sponsor preparation is weak.

The most common pitfalls are:

- historical data gaps between SCADA, invoices and lender reports
- inability to explain generation variance convincingly



- old compliance breaches left unresolved
- over-optimistic assumptions on receivable normalisation
- mismatch between PPA terms and financing assumptions
- underestimation of lender diligence timelines
- poor handling of security release and re-creation mechanics

Receivables are a particularly sensitive issue in India. If a project has tariff support on paper but actual cash realisation is delayed materially, lenders will discount value quickly. Sponsors should come prepared with a clean ageing schedule, payment trend analysis, rebate history, LC utilisation record and any state-specific context. Assertions are not enough.

Another mistake is trying to refinance too early. A project with only a few months of operations, unresolved punch-list items or unstable evacuation may get unattractive terms. Sometimes waiting two quarters and cleaning up operating performance creates much better value.

How sponsors should prepare for a successful refinance

Sponsors who run refinancing as a lender process rather than an internal finance memo generally perform better. Preparation should start well before term-sheet circulation.

A practical checklist includes:

- compile 12-24 months of plant performance and outage data
- reconcile invoice, billing and collection records monthly
- map all material contracts: PPA, O&M, land, evacuation, insurance, EPC warranties
- quantify pending claims, including change in law or curtailment if relevant
- build a downside case on receivables and generation, not just base case
- test covenant headroom under revised pricing and tenor scenarios
- identify consent requirements under existing financing documents
- prepare a lender Q&A pack with factual support documents

This is also where [\[Green financing frameworks\]\(/coreservices/greenfinancing/greenfinancingframeworks\)](#) can help when lenders or institutional capital providers want a sharper articulation of use of proceeds, asset eligibility, governance and impact logic across a broader platform. While refinancing is fundamentally cash-flow based, a credible framework can strengthen capital conversations, especially for multi-asset sponsors seeking repeat access to debt.

Where projects include social or development-linked elements, such as underserved industrial clusters, rural energy access benefits, or concessional structures alongside commercial debt, [\[Blended & concessional finance\]\(/coreservices/greenfinancing/blendedandconcessionalfinance\)](#) may also support refinancing-linked expansion or augmentation capex. The key is not to force a label, but to align financing structure with the asset's actual risk and impact profile.

Sponsors should also think beyond the immediate transaction. If refinancing is likely to be repeated across a pipeline, standardised data rooms, operating reports and covenant monitoring systems reduce execution friction significantly.

What policymakers and market participants should watch



Refinancing efficiency matters at a system level. Lower-cost debt for performing renewable assets can improve sector resilience, free sponsor capacity for new investment and support more competitive delivered power. For policymakers, a few themes deserve attention in 2026:

- improving payment discipline and visibility in utility offtake
- reducing uncertainty around curtailment compensation and dispatch protocols
- strengthening transmission readiness for hybrid and storage-linked assets
- enabling faster documentation and approval cycles at public-sector lenders
- supporting standardisation in operating-data reporting and lender diligence expectations

For lenders, the opportunity is to build deeper operating-asset expertise rather than treat all renewable refinancing as a plain vanilla corporate exercise. Asset-level differences now matter more. A 300 MW central-contracted solar portfolio, a state-contracted wind cluster, and a diversified C&I rooftop-plus-open-access platform should not be underwritten through the same template.

For developers and IPPs, the message is equally clear: refinancing is won on evidence. Projects that can show stable generation, realistic assumptions, disciplined compliance and transparent cash-flow history will command better terms.

India's renewable market in 2026 is large enough that debt strategy after commissioning is becoming as important as financing at notice-to-proceed. Sponsors that refinance intelligently can lower capital cost, strengthen portfolios and create room for the next growth cycle without taking construction risk all over again.

If you are assessing refinancing options for an operating solar, wind, hybrid or storage asset, contact Growthifye's advisory desk. We support term-sheet strategy, lender outreach, Lender-grade financial modelling and transaction preparation to help sponsors secure bankable, execution-ready debt outcomes.

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