

ISTS Waiver, ALMM and Open Access Solar PPAs in India 2026

By Sudarshan Karweer · 25 August 2026 · growthifye.com

A practical 2026 guide to ISTS waiver, ALMM, charges and landed-cost impacts for open access and corporate PPAs in India.

India's open access market in 2026 is no longer driven only by APPC savings, banking rules, or the old third-party versus group captive comparison. A more decisive question for many C&I buyers is this: does the project structure actually preserve the landed-cost advantage once ISTS transmission waiver timelines, ALMM compliance, state charges, and substation realities are factored in?

This is where many boardroom models go wrong. A tariff that looks attractive on a term sheet can lose its edge after interstate transmission assumptions, module-sourcing constraints, scheduling obligations, and state-level surcharge treatment are added. For developers and lenders, these variables now affect not just PPA pricing, but also COD certainty, DSCR resilience, and offtake bankability.

This article focuses on a distinct 2026 angle: how ISTS waiver eligibility and ALMM-linked procurement choices affect open access and corporate PPA economics in India. The topic matters for third-party and group captive structures alike, especially for consumers evaluating whether to source solar or hybrid power from another state versus developing in-state supply.

Why ISTS waiver now matters more than headline PPA tariff

For interstate open access projects, the waiver or non-waiver of ISTS transmission charges can materially alter delivered power cost. In many real transactions, sponsors first market a busbar tariff and only later work through delivered-cost implications. That is the wrong order for a C&I buyer.

In 2026, the difference between a project enjoying a transmission-charge waiver and one missing the qualifying timeline can move landed power cost by well over Rs 0.50-1.25/kWh depending on location, drawal profile, point of injection, and whether the supply is plain solar, wind-solar hybrid, or FDRE-style shaped power. For some consumers, that difference is large enough to erase savings over utility tariff for solar-day consumption.

The key point is simple:

- Busbar tariff is not landed tariff
- Waiver assumptions are not bankable unless tied to actual commissioning timeline and regulatory eligibility
- Interstate savings can disappear if transmission, losses, balancing and state-end charges are underestimated

For a Maharashtra, Haryana, Uttar Pradesh, or Tamil Nadu C&I consumer looking at power from Rajasthan, Gujarat, or Karnataka, ISTS treatment can be the single biggest swing factor after state drawal charges.

2026 policy context: waiver trajectory and project timing risk

Developers, consumers and lenders must read project economics against the current waiver timeline, not the timeline prevailing when the first teaser was circulated. By 2026, the market has already internalised a tapering framework for ISTS charge waivers for eligible renewable projects, with effective benefit linked to

commissioning dates and specific policy notifications.

While exact applicability depends on technology, date of award, date of commissioning, and whether the project falls within covered renewable categories, the practical market consequence is this: every quarter of delay now has a direct tariff consequence.

This creates three bankability issues.

- Construction slippage risk: if grid connectivity, right-of-way, equipment delivery, or substation readiness delays COD, the waiver benefit may reduce or fall away depending on the project's regulatory position.
- Pass-through dispute risk: PPAs do not always allocate transmission-charge change risk with enough precision, especially in bilateral corporate contracts.
- Refinancing risk: lenders discount aggressive assumptions if there is weak documentary support on connectivity, evacuation and commissioning certainty.

In 2026, sophisticated buyers are no longer accepting generic language such as "ISTS waiver as applicable." They want clause-level clarity on:

- what benefit is assumed in tariff construction
- whether the seller guarantees the benefit or merely passes it through if available
- what happens if COD misses the qualifying date
- whether there is a tariff reopen, seller absorption, or termination right

This is especially important in long-tenor PPAs of 12-25 years where first-year economics drive internal approval, but regulatory changes continue well beyond commissioning.

ALMM compliance is no longer just a procurement issue

Many market participants still treat ALMM as a supply-chain checkbox. In reality, by 2026 ALMM has become a pricing, timeline, and performance variable for open access PPAs.

For utility and C&I renewable projects, the use of ALMM-listed modules can affect three core metrics:

- Capex per MW
- Construction schedule
- Generation profile over the PPA term

A project that depends on aggressive module pricing assumptions from non-qualifying sources may struggle to maintain quoted tariff once actual compliant procurement is locked in. Even where domestic supply has improved, buyers continue to see volatility across module technology mix, delivery schedule, and manufacturer bankability.

For open access projects, ALMM influences landed economics in at least four ways.

- Higher capex can increase required tariff by roughly Rs 0.15-0.35/kWh depending on CUF, debt terms, and commissioning schedule.
- Delayed module delivery can push COD closer to or beyond transmission-waiver milestones, compounding tariff impact.
- Module selection affects degradation assumptions and therefore long-term annual units available to the buyer.

- Lenders may apply different comfort levels to module counterparties, warranty structure, and O&M assumptions.

This means a 2026 C&I procurement process should not ask only for tariff and term. It should ask the developer to disclose:

- proposed module make and ALMM status
- inverter strategy and supply timeline
- capex sensitivity if module pricing changes before financial close
- schedule buffer against grid and evacuation delays
- impact of equipment delay on waiver-linked economics

For group captive structures, these questions are just as relevant. Equity participation does not insulate a consumer from tariff inflation caused by procurement mismatch.

Interstate versus intrastate sourcing: when the “cheap state” is not the cheap option

A frequent assumption in corporate PPA sourcing is that projects in high-irradiance states automatically deliver the lowest landed power cost. In 2026, that assumption often fails after state-specific open access charges are included.

Consider a simplified illustration for a C&I buyer comparing interstate solar from Rajasthan versus intrastate solar in its home state.

Illustrative 2026 range only:

- Interstate solar busbar tariff: Rs 2.55-3.10/kWh
- Intrastate solar busbar tariff: Rs 2.90-3.50/kWh

At first look, interstate appears cheaper. But once the following are added, the gap can narrow or reverse:

- ISTS charges if waiver is partial, reduced, or unavailable
- POC losses and transmission losses
- state transmission and wheeling charges at drawal end
- CSS and AS, where applicable under third-party structure
- scheduling, forecasting, SLDC fees, and energy accounting losses
- balancing procurement for non-solar hours if the corporate wants a shaped product

The delivered cost for interstate supply can therefore rise to a range where the intrastate option, despite a higher busbar tariff, becomes operationally simpler and financially comparable.

This is particularly relevant in states where:

- banking is restricted or non-viable for conventional solar open access
- cross-subsidy surcharge remains material for third-party users
- group captive enforcement is active and non-compliance risk is taken seriously
- drawal utility imposes procedural friction in meter integration and approvals

For data centres, continuous-process plants, and multi-shift manufacturers, the best option in 2026 is often not a plain vanilla interstate solar PPA. It may be a portfolio solution combining:

- intrastate solar for day block savings

n- rooftop or behind-the-meter where feasible

- hybrid or firming contract for profile shaping
- selective captive structuring to optimise surcharge exposure

Contract design: clauses that now decide real landed cost

By 2026, corporate PPAs are increasingly sophisticated, but many still underprice legal and regulatory asymmetry. A good tariff with weak drafting is not a good deal.

For transactions exposed to ISTS and ALMM risks, the following clauses deserve close attention.

- Change in law definition: It should explicitly cover transmission-charge waiver changes, approved levy changes, and compliance-related cost impacts.
- COD longstop and milestone tests: These should be aligned to evacuation readiness, not only mechanical completion.
- Deemed generation and curtailment treatment: Important where interstate evacuation constraints can affect actual delivery.
- Module and equipment substitution rights: Sellers should not retain unlimited discretion if substitution changes performance assumptions.
- Tariff adjustment mechanics: Indexation, pass-throughs, and one-time resets must be transparent and capped where possible.
- Termination compensation: Lenders and sponsors need clarity if economics are destroyed by loss of regulatory assumptions.

For lenders, one recurring issue in 2026 is mismatch between financing base case and contracted risk allocation. If the financing model assumes continued transmission-waiver advantage but the PPA permits full pass-through of transmission charges to the buyer, the project may remain financeable, but the offtaker's savings thesis becomes weak. Conversely, if the seller absorbs all risk without enough contingency, debt service can become stressed after adverse policy outcomes.

This is why advisory-led structuring matters. The answer is not to push all risk to one side. The answer is to assign each risk to the party best able to manage it and price the residual exposure honestly.

What C&I buyers should model in 2026 before signing

A credible procurement process should use a landed-cost model, not a tariff comparison sheet. At minimum, boards and energy managers should test the following scenarios.

- Base case: project commissions on time and gets assumed transmission treatment
- Delay case: COD slips by 3-6 months
- Partial-waiver case: applicable benefit is lower than assumed
- No-banking case: excess day generation cannot be optimally adjusted
- Lower-generation case: CUF is 2-4 percentage points below seller pitch
- Regulatory case: state-end charges rise during the first 3 years

For many C&I consumers, a useful decision benchmark in 2026 is not merely "is this cheaper than grid tariff today?" It is:

- is the first-year landed cost at least Rs 1.0-2.5/kWh below all-in grid power for matched consumption hours?
- does the saving remain positive under delay and charge-change sensitivities?
- is the contractual route compatible with internal treasury, accounting, and compliance requirements?

Large consumers should also evaluate whether hourly load shape justifies plain solar or whether the economics favour hybrid sourcing. A lower solar tariff can be misleading if the buyer then has to purchase expensive evening power from the grid without enough banking or balancing support.

Implications for developers, lenders and policymakers

Developers in 2026 need to sell certainty, not just low tariffs. Buyers increasingly discount headline price if the project's connectivity, equipment strategy, and regulatory assumptions are opaque.

The developers most likely to win quality C&I offtake are those that can demonstrate:

- documented evacuation and substation readiness
- realistic COD schedule with supplier tie-ups
- transparent treatment of waiver assumptions in tariff build-up
- state-specific delivered-cost modelling for the buyer
- operational capability on scheduling, forecasting and settlement

Lenders, meanwhile, are focusing more sharply on whether offtaker savings remain intact under downside cases. This matters because offtaker distress or dissatisfaction can translate into payment friction even when the legal contract survives.

For policymakers and regulators, the 2026 lesson is that market depth depends on predictability. Corporate renewable procurement scales when charge treatment, waiver transitions, and approval processes are administratively clear. Frequent uncertainty does not stop deals completely, but it increases risk premium and narrows the buyer pool to only the largest and most sophisticated consumers.

The open access market is entering a more mature phase. The winners will be those who understand that transmission treatment, equipment compliance, and contract architecture are now central to corporate PPA economics, not peripheral details left for post-bid cleanup.

If your organisation is evaluating interstate versus intrastate open access, reviewing ISTS-waiver exposure, or stress-testing a corporate PPA's landed-cost economics, contact Growthifye's advisory desk for transaction support, technical diligence, charge modelling and bankable commercial structuring.

ABOUT THE AUTHOR

Sudarshan Karweer — Chief Executive Officer, Growthifye

Over 23 years in management consulting — concept to scale — building and scaling new-age digital and energy businesses. An EY alumnus, Sudarshan leads Growthifye's renewable energy & storage advisory, EPC, transmission engineering and green-financing practices for developers, utilities and C&I consumers across India.
Contact: info@growthifye.com · +91 99676 45323 · growthifye.com

This article is for general information only and does not constitute engineering, financial or legal advice. © Growthifye. Sharing with attribution is welcome.