



Open Access CFA and Charge Optimisation in India 2026 for Corporate PPAs

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A 2026 practitioner guide to CFA, OA charges, RPO and landed-cost optimisation for corporate PPAs in India.

Corporate buyers evaluating open access in 2026 are finding that the commercial winner is rarely the project with the lowest ex-bus tariff. The better test is charge-adjusted, rule-adjusted, risk-adjusted landed cost over the contract life. For many consumers, the biggest pricing mistake is to compare a third-party quote at Rs 3.20/kWh with a group captive quote at Rs 3.55/kWh and assume the former is cheaper. Once cross-subsidy surcharge, additional surcharge, wheeling and transmission treatment, banking cost, captive compliance burden, RPO implications and cash-flow timing are included, the result can invert.

This article focuses on charge optimisation and CFA treatment in open access structures for Indian corporate PPAs in 2026. The angle is different from a generic third-party versus group captive comparison. The central question here is narrower and more useful for decision-makers: which charges actually move the landed-cost needle, how do they differ by structure, and how should buyers model them before signing term sheets?

Why charge design matters more than tariff in 2026

In most active open access states, the negotiated renewable tariff is only one layer of delivered power cost. A commercial and industrial buyer must usually evaluate at least the following components:

- Generator tariff under the PPA
- State transmission charges, where applicable
- State transmission losses
- Wheeling charges
- Wheeling losses
- Cross-subsidy surcharge, or CSS
- Additional surcharge, or AS
- Banking charges and banking loss/restriction effects
- SLDC and scheduling charges
- Reactive energy, deviation or imbalance pass-through where relevant
- Electricity duty and taxes depending on state and consumer category
- Standby or demand-charge interaction with discom supply

Across states in 2026, the spread between an attractive and an unattractive OA structure can easily be Rs 0.80 to Rs 2.50/kWh on landed cost. For a 20 MW buyer consuming 35 to 40 million units a year, that difference is material enough to decide whether the transaction is financeable, whether board approval is secured, and whether lenders are comfortable with long-tenor savings visibility.

The strategic point is simple: tariff procurement without charge engineering is incomplete procurement.

CFA in open access: what corporates should actually evaluate



In market conversations, CFA is often used loosely to refer to the charge framework applicable to delivery under open access. Buyers should avoid shorthand and explicitly map which cost items are fixed by regulation, which are state-dependent, which are technology-dependent and which are negotiable only through contract allocation.

For a corporate buyer, a usable CFA review in 2026 should answer six questions:

- Is the transaction intra-state or inter-state?
- Is the offtake under third-party sale or group captive?
- Which surcharges are applicable, exempt or contested?
- How are charges indexed or revised during the PPA tenor?
- Is banking available and on what settlement basis?
- Which charge changes sit with the developer and which pass through to the consumer?

This is where many term sheets remain too shallow. They mention current CSS and AS but do not model annual tariff-order resets, revised loss factors, banking changes or the possibility that a concession available at signing disappears on renewal. In 2026, that omission is risky because several states have continued to revisit OA charges, tighten banking and recalibrate subsidies and surcharge treatment for high-paying C&I categories.

A disciplined buyer should insist on a 10- to 15-year charge map with base case, downside case and severe downside case. Growthifye often sees more value unlocked from Landed-cost management and [PPA structuring & negotiation](/coreservices/greenenergyppa/ppastructuringandnegotiation) than from negotiating the first-year tariff alone.

Third-party versus group captive: the charge waterfall difference

The most important commercial distinction between these structures remains surcharge treatment.

In a standard third-party open access arrangement, the consumer typically pays the PPA tariff and network charges, and is also exposed to CSS. Additional surcharge may also apply, subject to state rules, exemptions and current regulatory position. In several states, CSS alone can add around Rs 1.00 to Rs 2.50/kWh for HT industrial consumers. AS can add another Rs 0.20 to Rs 1.50/kWh where applicable. The exact number depends on the state tariff order and consumer category.

In group captive, compliant captive users are generally exempt from CSS, and in many practical cases this exemption is the single biggest driver of landed-cost advantage. However, captive is not a free exemption. It comes with compliance requirements that must hold continuously, not just at signing:

- Minimum 26% equity ownership by captive users collectively
- Minimum 51% of annual power consumption by captive users collectively
- Proportionate consumption by each captive user linked to shareholding principles, subject to evolving interpretation and structuring discipline

If these conditions fail in a financial year, the consumer can lose captive status and become exposed to back-calculated surcharge liability. That is why the right comparison is not just surcharge exempt versus surcharge paying. It is surcharge exempt adjusted for captive compliance risk.

A practical 2026 example illustrates the issue.

Assume an intra-state solar OA project with these inputs:



- Ex-bus PPA tariff: Rs 3.35/kWh for third-party
- Ex-bus PPA tariff: Rs 3.60/kWh for group captive
- Transmission and wheeling delivered cost adders net of losses: Rs 0.70/kWh
- SLDC and other admin charges: Rs 0.05/kWh
- CSS for the relevant industrial category: Rs 1.45/kWh
- AS: Rs 0.35/kWh

Indicative landed cost:

- Third-party: Rs 5.90/kWh
- Group captive: Rs 4.35/kWh, assuming surcharge exemption and captive compliance

Even if the captive tariff is Rs 0.25/kWh higher, the surcharge differential can make captive cheaper by roughly Rs 1.55/kWh. On 30 million units annually, that is about Rs 4.65 crore per year of savings delta.

But now add captive overheads and risks:

- Equity lock-in and capital allocation
- Share transfer restrictions or practical illiquidity
- Annual compliance monitoring and audit trail
- Risk of under-consumption against 51% threshold at the SPV level
- Change in shareholder load profile due to production slowdown or closure

That is why sophisticated buyers no longer ask, “Is group captive cheaper?” The better question is, “Is group captive still cheaper after pricing compliance fragility and balance-sheet implications?”

Banking, RPO and load shape can change the answer

Charge optimisation is not complete without matching supply shape to plant load shape. Banking reform across states has changed the economics materially. Several states now either restrict banking, permit only monthly settlement, levy explicit banking charges, apply time-of-day conditions, or settle surplus at low rates. For a buyer with daytime load concentration, an as-generated solar OA structure can still work well even with weak banking. But for a 24x7 or evening-peaking consumer, the inability to bank efficiently can increase residual grid draw and erode expected savings.

In practical modelling, buyers should test at least these cases:

- Daytime-heavy load with solar OA and zero banking
- Flat industrial load with solar plus market/top-up procurement
- Wind-solar hybrid with limited banking
- Contract demand optimisation with OA penetration caps

RPO is another under-discussed element in C&I evaluations. Large consumers and obligated entities need to understand whether their procurement route supports compliance with applicable renewable purchase obligations under state rules and accounting frameworks. A corporate PPA can strengthen the renewable compliance position, but the benefit depends on state treatment, accounting evidence and whether the consumer already carries RPO obligations through its supply mix. For some buyers, RPO alignment is not a cash line item every month, but it still matters for compliance cost, ESG commitments and internal procurement approvals.



This is where [Demand & ToD analysis](/coreservices/greenenergyppa/demandandtodanalysis) becomes more than an operational exercise. It directly informs whether the consumer should maximise OA quantum, cap it below annual demand, or pair it with a shaped procurement strategy to avoid paying for renewable energy that cannot be economically absorbed under current banking rules.

State-level economics: where buyers should focus in 2026

In 2026, state selection remains one of the largest determinants of OA competitiveness. While specific charges move through tariff orders and regulatory updates, buyers should evaluate states through a structured filter rather than chase anecdotal market chatter.

Key screening criteria include:

- Level and trajectory of CSS and AS
- Banking availability, tenor and settlement basis
- Wheeling and transmission charge trend
- Loss factors and voltage-wise treatment
- OA approval predictability and operating discipline at SLDC/discom level
- Treatment of captive structures and historical compliance disputes
- Curtailment behaviour and compensation framework, if any

As a broad market observation, a state with a slightly higher generator tariff can still outperform a lower-tariff state if surcharge treatment is friendlier, banking is workable and approval risk is lower. Developers know this; buyers should model it with equal rigour.

A common error is to use a single current-year charge snapshot and assume a stable outcome. Better practice is to create a tariff waterfall with annual revision assumptions. For example:

- PPA tariff escalation: 0% for fixed-price solar, or contracted escalator where agreed
- Network charge escalation: linked to historical tariff-order trend, say 3% to 7%
- CSS/AS sensitivity: base, +10%, +20%
- Banking reform shock: partial or zero banking from year 3 onward
- Captive failure shock: one-year loss of exemption case

Lenders increasingly prefer this kind of downside-tested model before they rely on projected C&I savings or debt-service coverage linked to consumer economics.

Contracting strategy: allocate charge risk before it becomes a dispute

Most charge pain in open access does not come from known charges. It comes from badly allocated future charges.

A robust 2026 PPA and energy supply agreement should clearly set out:

- Which present charges are included in the tariff and which are pass-through
- Whether future CSS, AS, wheeling, transmission, banking and loss changes are pass-through in full or shared
- How curtailment and deemed generation are treated, where relevant
- Whether force majeure and change-in-law provisions capture regulatory redesign of OA economics



- What happens if captive status is lost due to another shareholder's default or under-consumption
- Security package, payment timing and invoice reconciliation process for variable statutory charges

For group captive, the shareholder agreement is as important as the PPA. Buyers should require strong covenants on equity continuity, consumption commitment, indemnity for non-compliance and cure mechanics if one captive user falls short.

For third-party deals, the focus shifts to pass-through discipline and landed-cost transparency. Consumers should not accept generic wording that "statutory charges are extra as applicable." The charge list, payment waterfall and verification methodology should be explicit.

A practical decision framework for C&I buyers

Before choosing third-party or group captive in 2026, C&I buyers should run a structured screen:

- Annual consumption above roughly 15 to 20 MU and long-term site continuity often improve captive viability
- Multi-site buyers should evaluate whether load aggregation supports captive compliance and risk diversification
- Buyers with volatile production or seasonal offtake should price captive compliance risk conservatively
- States with high CSS make captive more attractive, all else equal
- States with restrictive banking require stronger load matching and ToD analysis
- Buyers seeking asset-light procurement may still prefer third-party despite higher landed cost if balance-sheet simplicity matters

A useful board-level metric is not just first-year savings versus discom tariff. It is contracted savings certainty after charge variability. In several real market cases, a third-party structure that appears only marginally cheaper than grid supply on day one can become uneconomic after a surcharge revision. Conversely, a well-structured captive deal can preserve a durable savings moat if compliance is tightly governed.

This is why [Sourcing strategy](/coreservices/greenenergyppa/sourcingstrategy) should begin with state- and structure-level economics, then move to developer bidding, not the other way around.

Conclusion

Open access procurement in India in 2026 is a charge-management exercise as much as a tariff-procurement exercise. The commercial gap between third-party and group captive is largely driven by surcharge treatment, but that advantage is only real if captive compliance is operationally durable. Add banking reform, ToD mismatch, RPO treatment and future tariff-order uncertainty, and the correct answer becomes highly site-specific.

For corporates, developers and lenders, the right approach is to model the full tariff waterfall, test downside cases and allocate charge risk clearly in contracts. Headline tariff comparison is no longer enough.

If you are evaluating open access structures, state options or charge-sensitive PPA design, contact Growthifye's advisory desk for a grounded assessment of approvals, landed-cost economics and contract strategy.

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