



Open Access PPA Site Selection India 2026: State Choice, Charges and Viability

By Sudarshan Karweer · 04 September 2026 · growthifye.com

How state selection shapes open access PPA economics in India 2026 across charges, banking, losses, approvals and captive viability.

Open access PPA site selection in India has become a boardroom issue, not just a development issue. In 2026, two projects with the same solar CUF, same module pricing and the same tariff can deliver very different landed power costs to the same corporate buyer depending on where the plant is located, whether the transaction is intra-state or inter-state, and whether the structure is third-party or group captive.

That is the real commercial lesson emerging across the market: generation cost alone no longer decides competitiveness. State-level policy design does. Wheeling, transmission, cross-subsidy surcharge, additional surcharge, losses, banking rules, open-access processing, captive compliance, curtailment behavior and settlement mechanics can change the savings case far more than a Rs 0.10-0.20/kWh movement in base energy tariff.

For C&I consumers, developers, lenders, utilities and policymakers, the practical question is straightforward: how should one choose the right state and delivery structure for an open access project in 2026?

This article focuses on that decision. It is intentionally different from discussions on change-in-law, banking reform, captive compliance or generic landed-cost modelling. The lens here is state selection and site strategy: where to place generation, how to screen states, and how state choice affects bankability and long-term savings.

Why state selection is now the first filter

A few years ago, many buyers started with a simple benchmark: compare the proposed PPA tariff with the grid tariff and estimate savings. That shortcut no longer works reliably.

In 2026, site selection affects the following cost and risk buckets simultaneously:

- Whether open access is practically available for the required contract demand and voltage level
- Whether the transaction qualifies as captive and therefore avoids CSS, and in some cases other levies depending on state rules
- Whether additional surcharge applies to third-party supply and how often it is revised
- State-specific wheeling and transmission charges by voltage level and consumer category
- Banking availability, monthly or annual settlement treatment, and treatment of unused banked units
- State-defined loss factors, including wheeling loss and transmission loss assumptions
- Curtailment behavior and compensation framework in practice
- Time required for approvals from DISCOM, SLDC, STU and other agencies
- Forecasting, scheduling and deviation settlement obligations, especially for wind and hybrid portfolios
- Enforcement quality of captive and open-access regulations

For a 20-50 MW C&I portfolio, these variables can easily swing effective delivered cost by Rs 0.60-1.50/kWh. For some consumers, the difference between a strong state and a weak state can determine whether the



project clears internal investment hurdles at all.

The four-state-screen framework buyers should use

A useful way to evaluate site options is to screen every target state on four dimensions before going into project-specific modelling.

1. Policy viability

Start with the regulatory architecture.

Check:

- Latest open access regulations of the SERC
- Green energy open access implementation status
- Current tariff orders affecting wheeling, transmission, banking and surcharges
- Captive and group captive interpretation in that state
- Treatment of co-located versus remotely located generation
- Whether the state has recently reduced banking attractiveness or tightened approvals

A state may appear attractive based on a developer quote, but if monthly banking is settled at a low percentage of APPC, surplus energy value may collapse. Likewise, a third-party structure may look competitive until CSS and AS are updated in the next tariff order.

2. Economic viability

This is where most procurement teams spend time, but it should come after policy screening.

Model at minimum:

- Ex-bus tariff or LCOE of the project
- State transmission and wheeling charges
- Applicable losses at each network layer
- CSS and AS, where applicable
- Banking charge and settlement haircut
- Scheduling and SLDC charges
- Metering and standby or parallel operation charges where relevant
- GST and any pass-through structure in the invoice stack

For many solar open access deals in 2026, an apparent busbar tariff of Rs 2.75-3.25/kWh can become a landed cost of Rs 4.20-5.40/kWh depending on state, structure and banking profile. In contrast, a captive project with the same generation economics in a more favorable state may land near Rs 3.40-4.20/kWh for a well-matched consumer.

3. Execution viability

A low-cost state is not useful if approvals drag for 8-12 months or if evacuation is unavailable.

Assess:

- Substation capacity and bay availability
- Timeline for connectivity and metering approvals



- Track record of SLDC scheduling processes
- Developer's local execution capability
- Land conversion and right-of-way complexity
- Curtailment history in the evacuation zone

A two-quarter delay can materially damage project IRR, defer savings for the offtaker and complicate debt drawdown schedules.

4. Contract viability

Even in a good state, a poor contract can erode value.

Site selection should therefore be aligned with:

- PPA energy accounting mechanics
- Charge pass-through treatment
- Generation shortfall design
- Deemed generation or curtailment provisions where feasible
- Change-in-law allocation by charge category
- Captive compliance obligations if group captive is used

This is where Growthifye's PPA structuring & negotiation capability becomes central, especially when state rules are changing quickly.

Intra-state versus inter-state: the state-choice trap many buyers miss

One of the most common mistakes in corporate procurement is comparing an intra-state project and an inter-state project using only the quoted tariff.

That comparison is incomplete.

An inter-state project may benefit from superior resource quality, better scale and lower generation cost. But the delivered economics must also absorb:

- ISTS or state transmission layers as applicable
- Scheduling complexity across jurisdictions
- More approval interfaces
- Potentially different treatment of banking or settlement at drawal end
- Additional legal and payment-security considerations

Equally, an intra-state project in a weaker-resource state may still win on landed cost because it avoids one network layer, reduces losses, accelerates approvals and aligns better with the consumer's drawal pattern.

In 2026, buyers should not assume inter-state is always cheaper for large portfolios or that intra-state is always simpler. The answer depends on the consumer's load shape, state rules and the likelihood of sustained policy stability over the PPA term.

A practical approach is to run three scenarios for every procurement:

- Best intra-state captive option
- Best intra-state third-party option
- Best inter-state deliverable option



Only then can procurement teams compare true risk-adjusted savings.

How state selection changes third-party and captive outcomes

State choice has a different impact depending on whether the deal is third-party or group captive.

For third-party open access, the key swing variables are usually:

- CSS applicability and trajectory
- Additional surcharge incidence and revision frequency
- Banking value
- Wheeling and transmission stack
- Curtailment behavior without strong compensation recourse

For group captive, the key state-linked issues shift to:

- Practical interpretation of 26% equity and 51% consumption rules
- Treatment of multiple captive users and annual consumption balancing
- Ease of replacing users in the SPV structure
- Willingness of counterparties and lenders to rely on compliance reporting mechanisms
- State-level scrutiny if the structure appears synthetic or commercially thin

As a result, a state with high third-party surcharges may still be highly competitive for captive procurement. Conversely, a state with attractive third-party economics may become cumbersome if captive enforcement is uncertain and the buyer needs a multi-user structure.

This is why state selection cannot be divorced from deal structure selection.

A practical landed-cost example for 2026

Consider a manufacturing consumer with an HT load profile of 18 MW average day drawal and annual consumption of roughly 130 million kWh. The company is evaluating a 30 MW solar open access tie-up.

Option A is in State X, intra-state third-party:

- PPA tariff: Rs 2.95/kWh
- Wheeling and transmission: Rs 0.65/kWh effective
- Technical losses: 8%
- CSS: Rs 1.05/kWh
- Additional surcharge: Rs 0.55/kWh
- Banking charge and settlement impact: Rs 0.20/kWh
- SLDC and other charges: Rs 0.05/kWh

Indicative landed cost can move to around Rs 4.95-5.15/kWh depending on settlement efficiency.

Option B is in State Y, intra-state group captive:

- Effective energy cost at plant level: Rs 3.10/kWh
- Wheeling and transmission: Rs 0.55/kWh effective
- Technical losses: 7%



- CSS: Nil due to captive treatment
- Additional surcharge: often not applicable in many captive cases, subject to state specifics
- Banking charge and settlement impact: Rs 0.15/kWh
- SLDC and other charges: Rs 0.05/kWh
- Captive administration and compliance overhead: Rs 0.05-0.10/kWh equivalent

Indicative landed cost may then sit around Rs 3.90-4.20/kWh.

Option C is inter-state from a high-resource location:

- PPA tariff: Rs 2.70/kWh
- Network and scheduling stack: Rs 0.85/kWh effective
- Technical losses across layers: 10-12%
- Banking or settlement limitations at drawal end: Rs 0.20-0.35/kWh impact
- Other operating charges: Rs 0.05-0.10/kWh

Indicative landed cost may end up around Rs 4.20-4.55/kWh.

The point is not that one structure always wins. The point is that project location and state rules can overturn the ranking one would infer from tariff alone.

What developers and lenders should look for in state prioritisation

This topic is not only relevant for buyers. Developers and lenders should also sharpen their state strategy.

For developers, the best states in 2026 are not merely those with good solar irradiation or wind resource. They are states where:

- Corporate demand depth is visible by voltage level and industry cluster
- Open-access approvals are operational, not just theoretically available
- Network charges are stable enough to support quoting confidence
- Captive structures can be implemented cleanly where needed
- Curtailment and settlement disputes are manageable
- Land, evacuation and local execution are scalable

For lenders, state selection directly affects bankability because it influences:

- P90 revenue reliability after accounting for curtailment and banking settlement
- Probability of charge shocks over debt tenor
- Counterparty willingness to continue if savings compress
- Risks of captive non-compliance in shared-user structures
- Likelihood of delayed COD due to connectivity bottlenecks

A lender underwriting a 15-year revenue case for an open access portfolio should no longer accept a generic “state OA risk” note. State-by-state sensitivity analysis is necessary.

A better procurement process for C&I buyers

In 2026, the most effective C&I buyers are changing the sequence of procurement.

Instead of asking developers for the cheapest tariff first, they are doing the following:



- Mapping annual and monthly load, including day-night and seasonal shape
- Running [Demand & ToD analysis](/coreservices/greenenergyppa/demandandtodanalysis) to identify the realistic renewable absorption window
- Shortlisting viable states and structures before RFQ release
- Testing captive versus third-party economics using current charge orders
- Evaluating approval timelines and grid readiness as part of bid comparison
- Using [Competitive developer selection](/coreservices/greenenergyppa/competitivedeveloperselection) based on landed-cost certainty, not just tariff
- Building contractual protections around charge changes and settlement mechanics

This approach usually produces fewer surprises post-award and tighter savings realisation after commissioning.

It also helps avoid a common 2026 failure mode: signing a “cheap” PPA that looks attractive at LOI stage but underperforms after final charge notifications, banking restrictions and evacuation delays are reflected.

What policymakers and utilities should take from this

State competition for C&I renewable investment is now real. Industrial consumers and developers are actively reallocating capital based on open-access usability.

States that want more private renewable capacity and industrial competitiveness should focus on predictable implementation, not only policy announcements.

Three reforms matter most:

- Stable and transparent treatment of network charges and surcharges
- Time-bound open-access approvals with digital processing and accountability
- Clear settlement and banking rules that buyers can model over a multi-year horizon

Utilities also benefit from reducing uncertainty. Where open access is governed predictably, migration decisions become more rational, portfolio planning improves and disputes reduce.

The bottom line

In India's 2026 open access market, site selection is strategy. It determines whether a project is merely signable or actually financeable, executable and savings-accretive over the full term.

For C&I buyers, the right question is no longer “What tariff can I get?” It is “Which state-structure combination gives the most durable landed-cost advantage after charges, losses, banking, approvals and compliance?”

For developers, winning more corporate business will increasingly depend on presenting state-aware economics rather than generic tariff quotes. For lenders, it means underwriting regulatory geography as carefully as generation resource.

If your team is evaluating state options for captive or third-party procurement, contact Growthifye's advisory desk. We can support state screening, [Sourcing strategy](/coreservices/greenenergyppa/sourcingstrategy), Open-access approvals and Landed-cost management so your PPA is built on delivered economics, not tariff illusion.

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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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