



Open Access PPA Tenor Strategy in India 2026: 5, 10 or 15-Year Decisions

By Sudarshan Karweer · 03 September 2026 · growthifye.com

How to choose the right open access PPA tenor in India in 2026 using landed cost, banking, CFA, risk and lender constraints.

India's open access market in 2026 is no longer just about securing the lowest quoted renewable tariff. For commercial and industrial buyers, developers, lenders and regulators, the more consequential question is often contract tenor: should a buyer sign a 5-year, 10-year or 15-year open access power purchase agreement?

That decision now shapes landed cost, savings durability, approval risk, banking exposure, change-in-law pass-through, lender appetite and portfolio flexibility. In many boardrooms, the tariff conversation still dominates. In practice, the tenor decision can change value by Rs 0.40-1.50/kWh over the life of the arrangement, especially where state-level charges, banking rules and open access access conditions are fluid.

This article examines how to choose the right open access PPA tenor in India in 2026, focusing on third-party and group captive structures, CFA volatility, banking treatment, RPO positioning and lender requirements.

Why tenor has become a board-level decision in 2026

Between 2023 and 2026, most open access market participants have seen one pattern repeatedly: project economics that looked compelling at signature became mediocre after state-level rule changes, banking restrictions, curtailment events, CSS revisions or volatility in approved surcharges. As a result, the term of the contract now matters as much as the starting tariff.

A longer tenor can lock in supply and improve debt-backed pricing from developers. But it can also lock a buyer into an inflexible structure if the following change midstream:

- cross-subsidy surcharge notifications

n- additional surcharge applicability

- wheeling and transmission charges
- banking eligibility and settlement period
- banking charges and drawal conditions
- group captive compliance costs
- approved open access procedures
- RPO accounting or internal ESG procurement targets

At the same time, developers and lenders prefer longer revenue visibility. A 12-15 year contracted offtake profile can reduce merchant tail risk and improve debt service coverage assumptions. That often allows a developer to quote a lower base tariff versus a short-tenor deal. But the buyer must compare that tariff benefit against the risk of being locked into a state and structure that may become suboptimal.

In 2026, the correct tenor is therefore a portfolio design decision, not merely a procurement decision.

The three common tenor choices: 5, 10 and 15 years



In today's market, most corporate open access PPAs cluster into three broad buckets.

5-year PPAs

These are increasingly attractive for:

- first-time open access buyers
- consumers in states with unstable banking rules
- loads with uncertain operating outlook
- buyers expecting tariff migration, electrification changes or process expansion
- corporates testing a state before scaling to multi-site procurement

Typical market impact:

- Higher quoted tariff than a long-term deal, often by Rs 0.20-0.60/kWh depending on project type and state
- Greater flexibility to re-bid after regulatory changes
- Lower lock-in if banking economics deteriorate
- More manageable risk for buyers with uncertain consumption patterns

The challenge is that shorter PPAs may not fully align with project debt tenors. Developers may need stronger termination protections, tighter scheduling clauses or a backstop for post-contract sale. This tends to widen tariffs or narrow the pool of bidders.

10-year PPAs

This is often the most balanced tenor in 2026.

It usually suits:

- established C&I loads with moderate growth visibility
- buyers seeking meaningful tariff savings without very long lock-in
- developers financing with standard debt assumptions and manageable residual value risk
- multi-plant consumers creating a phased renewable portfolio

Typical market impact:

- Better pricing than 5-year deals
- Reasonable flexibility compared with 15-year structures
- Easier lender comfort than very short-tenor corporate PPAs
- Enough duration to justify investment in approvals, metering, scheduling and contracting effort

For many buyers, 10 years is emerging as the default answer where state policy is investable but not fully predictable.

15-year PPAs

These remain common in mature corporate procurement, especially where the buyer wants maximum long-term visibility and the developer seeks low-cost financing.

Typical market impact:

- Lowest initial quoted tariff in many cases
- Strong support for debt financing and project bankability



- Better fit for dedicated or quasi-dedicated open access capacity
- Highest exposure to future adverse changes in charges, banking and open access rules

The hidden issue is that a low fixed energy price can be overwhelmed over time by non-tariff components. If CSS, AS, wheeling charges, transmission charges or banking costs rise materially, the apparent benefit of the longer deal narrows.

How landed cost changes with tenor, not just tariff

Many buyers still compare developers on quoted PPA tariff alone, for example Rs 3.10/kWh versus Rs 3.35/kWh. That comparison is incomplete. The relevant metric is landed power cost delivered to the meter after all charges, losses and contractual adjustments.

In 2026, landed cost under open access typically includes:

- generator energy charge under the PPA
- transmission charges
- wheeling charges
- transmission and wheeling losses
- SLDC and scheduling charges
- CSS where applicable
- additional surcharge where applicable
- banking charges, if banking is permitted
- deviation and imbalance costs
- standby or balancing cost for residual demand
- open access processing and compliance costs

A 15-year PPA can save Rs 0.25/kWh on quoted energy price versus a 5-year PPA, but still produce weaker realised savings if one or more non-tariff components move against the consumer. This is especially relevant in third-party open access structures where CSS remains a material factor in many states.

Illustratively, consider a C&I buyer with current grid landed tariff of Rs 8.20/kWh and a solar open access proposal in a same-state configuration:

- 5-year third-party PPA quoted tariff: Rs 3.55/kWh
- 10-year third-party PPA quoted tariff: Rs 3.30/kWh
- 15-year third-party PPA quoted tariff: Rs 3.05/kWh

Assume current non-energy landed cost adders of Rs 2.20-2.60/kWh depending on banking use, losses and surcharges. At signature, the 15-year option may appear strongest. But if CSS rises by Rs 0.35/kWh over 4 years, banking shifts from annual to monthly settlement, and banking charge rises by 8-10%, the long-tenor advantage can compress sharply.

By contrast, a group captive structure may start with equity commitment and compliance burden, but could avoid CSS in many states subject to ongoing legal and regulatory treatment. In that case, a longer tenor may be more defensible if captive-rule compliance is operationally robust.

This is why serious buyers now run multi-scenario landed-cost modelling under base, adverse and severe regulatory-change cases. Growthifye often supports this through [Demand & ToD



analysis](/coreservices/greenenergyppa/demandandtodanalysis) and Landed-cost management before buyers commit to tenor.

Third-party versus group captive: tenor implications differ

Tenor evaluation cannot be separated from procurement structure.

Third-party open access

For third-party PPAs, longer tenors are most exposed to surcharge volatility and open access charge revision risk. Key questions include:

- Is CSS stable in the state, and how has it moved in the last 3 years?
- Is additional surcharge currently applicable, litigated or likely to expand?
- How often are wheeling and transmission charges reset?
- Is banking still available for solar or wind, and on what settlement basis?
- Are there sector-specific exemptions that may sunset?

If a consumer's savings depend heavily on today's surcharge assumptions staying benign for 10-15 years, the contract may be too long for the risk profile.

Group captive open access

For group captive, longer tenor can work well if:

- the buyer is comfortable with equity deployment
- ownership structure is stable
- the 26% ownership and 51% proportional consumption requirements can be maintained
- multiple shareholders have a clear compliance framework
- consumption visibility is strong over the term

But tenor risk here is different. A 15-year captive arrangement is only as good as ongoing compliance discipline. Any slippage in annual captive consumption tests can expose the user to CSS and retrospective disputes. Therefore, a long-term captive PPA needs strong shareholder agreements, annual true-up protocols and consumption forecasting discipline.

In practice, buyers with fluctuating plant utilisation or uncertain product demand should be cautious about very long captive commitments unless portfolio diversity can smooth compliance.

Banking, ToD profile and operational flexibility

Tenor should reflect the match between renewable generation shape and actual load profile.

For example:

- A day-peaking commercial load with limited weekend operations may depend heavily on banking to monetise solar generation.
- A 24x7 industrial process with high day load may be less banking-sensitive.
- A seasonal manufacturer may face large month-to-month mismatch risk if banking settlement is monthly rather than annual.

This matters because banking conditions are among the least stable variables in Indian open access regulation. In several states, policy has shifted from liberal carry-forward to tighter monthly settlement,



restricted drawal windows, higher banking charges or disallowance for certain project categories.

A long-tenor contract for a banking-dependent consumer is therefore risky unless:

- the consumer's ToD profile inherently absorbs most generation in real time
- the project mix includes wind, hybrid or storage support where viable
- curtailment and scheduling provisions are tight
- the buyer is comfortable with downside scenarios on banking

This is where [Sourcing strategy](/coreservices/greenenergyppa/sourcingstrategy) and PPA structuring & negotiation become critical. A 10-year hybrid or mixed-asset portfolio can sometimes outperform a cheaper 15-year plain-vanilla solar deal once mismatch costs are included.

Lender perspective: why short tenor is not always cheap risk

Many buyers assume a shorter PPA always reduces risk. That is only partly true.

From a lender's perspective, short tenor can create its own problems:

- weaker revenue visibility
- residual merchant risk after PPA expiry
- lower debt quantum or shorter amortisation support
- tighter reserve and covenant requirements
- reduced bidder universe for the corporate buyer

These financing effects feed back into tariff. A buyer demanding a 5-year tenor may receive fewer competitive bids, stricter payment security terms and less flexibility on exit. The nominally lower commitment may therefore come at a hidden cost.

For developers, 10-12 years often provides a workable balance between debt-backed pricing and manageable residual risk. For lenders, a strong corporate offtaker with a predictable load and credible payment profile can support finer pricing, but only if the contract allocates regulatory and operational risks clearly.

Key contract provisions linked to tenor include:

- change-in-law pass-through mechanics
- deemed generation and curtailment treatment
- minimum offtake or scheduling discipline
- termination compensation
- extension or rebid rights
- refinancing gain treatment, where negotiated
- step-in rights for lenders

Longer tenor without precise risk allocation is often worse than shorter tenor with disciplined drafting.

A practical framework for choosing the right tenor in 2026

For Indian C&I consumers evaluating open access procurement, the right tenor should be selected through a structured filter.

**Choose 5 years when:**

- your load outlook is uncertain beyond 3-5 years
- the state has active volatility in banking or surcharges
- your first open access transaction is a pilot rather than a portfolio commitment
- you expect process changes, relocation or major electrification shifts
- management values flexibility over absolute lowest tariff

Choose around 10 years when:

- load visibility is reasonably stable
- the state is investable but not fully policy-stable
- you want good developer pricing without maximum lock-in
- your renewable strategy will scale in phases
- you need room to adapt future procurement mix

Choose 15 years when:

- load is highly durable and credit profile is strong
- state-level regulatory treatment is relatively bankable
- the savings case is resilient even under adverse charge scenarios
- banking dependence is limited or operationally manageable
- group captive compliance can be sustained with confidence
- board and treasury teams want long-duration price visibility

No buyer should select tenor before completing:

- 12-24 month interval demand and ToD analysis
- state-wise charge and surcharge scenario modelling
- banking sensitivity assessment
- structure comparison between third-party and group captive
- approval and commissioning timeline review
- contract stress-testing for regulatory change

That is especially true for multi-site portfolios where one uniform tenor across states may be a mistake. It is increasingly common in 2026 for sophisticated buyers to use a laddered approach: for example, 5-year exposure in a volatile state, 10-year in a core industrial state and 12-15 year commitments only for the most stable and strategic loads.

The real answer: optimise portfolio tenor, not just single-project tenor

The most advanced C&I buyers in India are moving away from asking, “What is the best open access PPA tenor?” and toward the better question: “What tenor mix best protects savings across our portfolio?”

That shift matters because open access economics now depend on a live combination of tariff, state charges, banking design, consumption shape, structure selection and contract flexibility. A single long-term tariff benchmark is no longer enough.



In 2026, the strongest procurement outcomes usually come from a portfolio-led approach that integrates state regulation, load behaviour, financing constraints and legal drafting before the tender is launched. That is where disciplined [Competitive developer selection] (/coreservices/greenenergyppa/competitivedeveloperselection) and robust PPA structuring & negotiation materially improve outcomes, not just by lowering tariff, but by choosing the right duration of risk.

If your organisation is evaluating open access or corporate PPA tenor strategy in India, contact Growthifye's advisory desk for a grounded assessment of structure, landed cost and contract risk before you sign.

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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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