

RPO, Green Attributes and Open Access PPAs in India 2026: A Practical Guide

By Sudarshan Karweer · 25 August 2026 · growthifye.com

A 2026 guide to RPO, RECs, green attributes and compliance risks in Indian open access PPAs for C&I buyers, developers and lenders.

Open access power buyers in India often focus first on tariff, CSS, wheeling and banking. Yet in 2026, one of the most under-negotiated value drivers in a corporate renewable PPA is the treatment of green attributes and RPO-linked compliance outcomes. For C&I consumers, developers, lenders and utilities, the commercial question is no longer only whether open access solar or wind is cheaper than DISCOM supply. The harder question is: who gets the environmental attributes, can the consumer count the procurement toward its renewable strategy, what happens if RECs are claimed or foregone, and how do state and central compliance frameworks affect the landed value of the contract?

This article looks at RPO, REC treatment, green claims, and PPA drafting issues in Indian open access transactions in 2026. It is intentionally different from tariff-only or group-captive-versus-third-party cost comparisons. The focus here is compliance economics and contract structure.

Why green attributes matter in 2026 open access deals

For many C&I consumers, renewable procurement now sits at the intersection of four objectives:

- reducing landed power cost versus DISCOM tariff
- meeting internal ESG and decarbonisation targets
- demonstrating renewable electricity sourcing to customers, investors and export markets
- aligning with Indian regulatory obligations and market instruments

In a standard open access PPA, electrons and attributes do not automatically create the same legal or commercial outcome. The physical renewable power may flow to the consumer, but the treatment of associated environmental benefits can vary depending on the project structure, PPA wording, REC registration status, state-level conditions, and whether any incentive or scheme imposes restrictions on attribute transfer.

In practice, this means two open access deals with the same delivered tariff of, say, Rs 4.35/kWh can have meaningfully different total value. If one structure gives the consumer clear rights over green attributes and credible reporting language, while the other leaves REC ownership with the generator or is silent on claims, the second deal may be weaker for ESG reporting, customer disclosures and future audits.

For export-oriented manufacturers, data centres, auto ancillaries, pharma, textiles, metals and large real estate portfolios, that distinction matters more in 2026 than it did even two years ago.

The regulatory base: RPO and the REC framework

At the central level, renewable purchase obligation continues to be the anchor policy concept for obligated entities. The Electricity Act, National Tariff Policy, Ministry of Power directions, and CERC regulations remain the key layers, while state electricity regulatory commissions continue to shape implementation through state RPO regulations and supply codes.

For 2026 transactions, market participants should keep the following practical points in mind:

- RPO applies primarily to obligated entities as defined by the applicable framework, which may include DISCOMs, open access consumers and captive users depending on the state regulations and connected load or consumption thresholds.
- The specific quantum and sub-categories of obligation can vary by year and notification history, with trajectories shaped by central policy and state adoption.
- State commissions may continue to differ in enforcement quality, treatment of carry-forward, and procedural compliance.
- Open access consumers are frequently subject to reporting or verification requirements even when power is procured under private PPAs.

The REC framework remains relevant, but it should not be treated as a default add-on in every open access structure. If the consumer is physically consuming renewable electricity under an open access arrangement, the commercial logic of REC treatment depends on contract design and the intended use of environmental claims.

The core principle for practitioners is simple: avoid double counting. If one party is using the renewable procurement to make a green power claim, another party should not separately monetise the same environmental attribute through REC issuance unless the legal structure clearly permits it and disclosures are aligned. This is where many poorly drafted term sheets create downstream disputes.

Third-party open access PPAs: who owns the environmental attributes?

In a third-party open access model, the generator sells power to the consumer under a PPA and routes supply through the grid under open access approvals. The default commercial assumption among sophisticated buyers in 2026 is that all environmental attributes associated with the contracted energy should pass to the consumer unless expressly excluded.

However, this assumption often fails in documentation. Common drafting gaps include:

- the PPA defines tariff, billing, force majeure and change in law, but says nothing on environmental attributes
- REC ownership is reserved to the seller in the project financing documents but not disclosed clearly in the consumer PPA
- the PPA allows the seller to register under an environmental market mechanism without consumer consent
- reporting language on carbon or renewable claims is vague and not auditable

A bankable 2026 third-party PPA should address at least five items:

- ownership of environmental attributes, including renewable energy certificates or equivalent market instruments if applicable
- whether the project is or will be registered under the REC mechanism
- whether the seller is prohibited from separately selling attributes linked to the contracted energy
- what evidence of renewable generation and delivery the consumer will receive monthly or annually
- indemnity treatment if duplicate claims or non-compliant disclosures trigger customer, auditor or regulatory issues

As a practical example, consider a 25 MW solar open access project supplying an industrial buyer in Maharashtra at a base tariff of Rs 3.55/kWh, with wheeling, losses, CSS and other delivered cost

components taking the landed cost to roughly Rs 5.10-5.60/kWh depending on voltage and banking assumptions. If the buyer expects to report that 60-70 million units annually are sourced from renewables, then attribute ownership must be explicit. Leaving REC rights with the generator may lower the tariff by a few paise in some cases, but the buyer may be sacrificing reporting credibility or future value.

In sectors exposed to customer audits, the savings from such a concession are often too small relative to the governance risk.

Group captive structures: RPO logic and compliance nuances

Group captive projects are usually discussed in relation to the 26% equity and 51% consumption tests. But in 2026, another important angle is how captive users evaluate RPO exposure and environmental claim rights in a shared project.

In a group captive structure, users are part-owners through the SPV or holding arrangement and consume power in proportion to the legal design of the project. Because the users are not mere offtakers in the same way as a third-party buyer, the treatment of green attributes should generally be cleaner. Even so, there are several issues to resolve early:

- whether each captive user receives attribute allocation pro rata to actual energy drawal, shareholding, or another agreed methodology
- how attribute treatment changes if one shareholder under-consumes and another overdraws subject to state rules
- whether any shareholder can separately claim environmental benefits beyond its actual allocated energy
- how the structure handles periods in which captive status is litigated, delayed or partially non-compliant

This matters because a captive user may assume that equity participation automatically secures renewable claims. It usually should, but the documents still need precision. The shareholders' agreement, energy supply agreement and operating protocols should align on data, allocation and reporting.

From a compliance standpoint, some state-level treatment of open access captive users remains uneven, especially where utilities closely scrutinise captive qualification and surcharge exemptions. If a project temporarily fails a captive test and the arrangement is recharacterised for tariff or surcharge purposes, the energy still remains renewable in a physical sense, but the economics and documentation trail can become messy. Lenders and large industrial consumers therefore increasingly ask for a compliance matrix that covers both captive tests and attribute treatment.

REC strategy, carbon claims and the risk of double counting

The Indian market is steadily moving toward more disciplined environmental accounting. Even where there is no immediate enforcement action, buyers should plan as if disclosures will be reviewed later by investors, export customers, certification bodies or statutory auditors.

That makes REC strategy important.

Three broad approaches are seen in 2026:

- bundled attribute model: the consumer receives all energy-linked environmental attributes with the power purchase
- unbundled monetisation model: the seller retains REC or similar rights and prices the energy tariff accordingly

- hybrid model: attribute ownership transfers to the consumer, but monetisation or surrender mechanics are contractually managed for compliance purposes

For most corporate offtakers seeking credible renewable electricity claims, the bundled model is the cleanest. The consumer can then state, subject to proper evidence and applicable standards, that its open access procurement is backed by the associated renewable attributes and not separately sold elsewhere.

The unbundled model may still make sense for a purely cost-focused buyer. For instance, if a seller can monetise certificates or other instruments and reduce the tariff by Rs 0.08-0.20/kWh, some consumers may prefer the lower landed energy cost. But that choice should be explicit and reflected in the buyer's sustainability reporting. A company cannot reasonably claim the full reputational or disclosure benefit of renewable sourcing if the attributes were monetised away.

A useful negotiation tool is to quantify the attribute option value. Suppose a 40 MU annual supply contract offers two structures:

- Option A: landed cost Rs 5.25/kWh with bundled attributes
- Option B: landed cost Rs 5.12/kWh with seller-retained REC rights

The annual difference is roughly Rs 52 lakh. For some buyers, this is worth paying for cleaner ESG positioning and customer-facing disclosures. For others, especially in commodity sectors under cost pressure, the saving may outweigh the claims value. What matters is that the trade-off is measured, not accidental.

Key PPA clauses and diligence points for lenders and buyers

By 2026, experienced lenders and C&I procurement teams are no longer satisfied with a one-line reference to environmental benefits. They want contractual clarity and diligence evidence.

Key clauses to review include:

- definition of environmental attributes, drafted broadly enough to cover present and future market instruments
- transfer mechanics and timing of title to such attributes
- seller covenant not to cause double issuance, double sale or conflicting claims
- metering and settlement protocol, including treatment of losses and generation data hierarchy
- disclosure rights for sustainability reporting, assurance and customer audits
- change in law treatment if the REC framework, RPO rules or market-based compliance architecture changes
- termination treatment for accrued but unsettled environmental benefits

On diligence, buyers and lenders should examine:

- project registration status under any relevant market mechanism
- whether state approvals or bid conditions restrict attribute transfer
- whether any government support scheme creates compliance conditions on certificate issuance or environmental claims
- the consistency between PPA, financing documents, EPC assumptions, and O&M reporting package
- monthly sample invoices and generation statements to test whether energy-accounting evidence is audit-ready

This is particularly important for portfolios financed on the strength of long-term C&I demand. If multiple buyers under one project have inconsistent attribute language, the project can face disputes that affect refinancing, assignment or secondary sale.

Landed cost economics: do green attributes change the real price?

Yes, they can, although usually indirectly.

In open access procurement, most finance teams build landed cost from these inputs:

- generator tariff
- transmission or wheeling charges
- losses
- CSS where applicable
- additional surcharge where applicable
- SLDC and other OA charges
- banking charges and unutilised banked energy assumptions
- GST and duty treatment where relevant

What is often missing is an economic line item for attribute treatment. In 2026, sophisticated buyers increasingly compare not just delivered energy cost, but delivered renewable value.

A practical evaluation framework is:

- Step 1: calculate landed cost per kWh under base-case and stressed policy scenarios
- Step 2: identify whether attributes are bundled, retained or shared
- Step 3: test whether the buyer's internal sustainability team needs auditable renewable claims from this contract
- Step 4: assign a notional value to those claims, even if not booked as a direct revenue line
- Step 5: compare alternatives such as group captive, third-party OA, rooftop, or continued DISCOM plus certificate purchases

For example, a consumer paying Rs 8.20/kWh average DISCOM tariff may view an open access deal at Rs 5.40/kWh landed cost as straightforwardly attractive. But if another project offers Rs 5.55/kWh with superior attribute certainty, lower reporting risk and better change-in-law drafting, the second project may be the better long-term contract. The Rs 0.15/kWh premium may be justified by compliance quality, especially over a 15-18 year tenor.

Utilities and policymakers should also note this trend. As open access matures, market design quality will not be judged only on tariff competition. Clarity around accounting, compliance and non-duplication of environmental benefits will increasingly shape buyer confidence.

What market participants should do now

For 2026 transactions, the practical action list is clear:

- C&I buyers should insist on explicit attribute ownership language and align procurement with sustainability reporting teams before signing term sheets.
- Developers should standardise PPA drafting so tariff offers, REC assumptions and claim rights are commercially coherent.

- Lenders should add attribute diligence to credit review, especially for multi-buyer and portfolio transactions.
- Utilities and regulators should reduce ambiguity in treatment of open access renewable consumption for RPO accounting and market reporting.
- Policymakers should continue improving market architecture so physical procurement, certificate systems and corporate claims do not conflict.

The next phase of Indian open access is not just about getting cheaper renewable power through the wires. It is about structuring contracts that withstand regulatory change, financing scrutiny and sustainability disclosure review. In that environment, RPO understanding and disciplined treatment of green attributes are no longer side issues. They are core value drivers.

If your organisation is evaluating a third-party or group captive open access PPA and wants support on RPO implications, attribute drafting, landed-cost modelling or lender-grade diligence, contact Growthifye's advisory desk.

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