GREEN PPAS · STEP 02 · SOURCING STRATEGY · MODEL

Landed Cost Financial Model

Editable cost-build model showing generation cost, transmission/wheeling, losses, CSS, and O&M; for each sourcing route over a 20-year tenor.

Worked example (anonymised): 60 MW Aggregated Industrial Load — Sourcing Route Evaluation · 60 MW contracted demand across two manufacturing sites (auto-components and textiles) · Karnataka and Maharashtra, India. A multi-site industrial group evaluating a wind-solar hybrid supply against captive equity investment, a pooled group-captive structure with a sister unit, and a pure third-party open-access PPA.

Illustrative sample image

Sample excerpt · Landed Cost Build-up — Group-Captive Wind-Solar Hybrid (■/kWh)

Cost component	Year 1	Year 5	Year 10
Generation cost (levelised)	2.95	2.95	2.95
Transmission & wheeling charges	0.28	0.31	0.36
Banking loss (adjustment)	0.09	0.10	0.11
O&M; pass-through	0.05	0.06	0.07
Group-captive pooling overhead	0.15	0.15	0.15
Total landed cost	3.52	3.57	3.64

Notes

- Model built with adjustable tariff, degradation, and surcharge escalation toggles
- Delivered in Excel with locked assumptions tab for audit trail

What happens in this step

1. Map applicable state regulations (open access rules, CSS/wheeling/banking charges, captive consumption norms) for each site under consideration
2. Build landed-cost stacks for captive, group-captive, and third-party OA routes using current and projected tariff, surcharge, and loss assumptions
3. Assess equity/funding implications of the 26% captive consumption threshold and group-captive pooling structures
4. Quantify regulatory and counterparty risk for each route — surcharge escalation, connectivity delays, discom litigation history, developer credit strength
5. Stress-test each option against tariff order changes, banking restrictions, and curtailment scenarios over the contract tenor
6. Score options on a weighted matrix combining cost, risk, control, and balance-sheet treatment
7. Present a recommended sourcing route with supporting sensitivity analysis for management sign-off

Outcomes

- A data-backed sourcing route selection aligned to cost, risk, and balance-sheet objectives
- Clear visibility of the equity/funding commitment required before committing to captive or group-captive structures
- A defensible risk register to support internal governance and board approval
- A shortlisted structure that becomes the basis for the competitive process in Step 03

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