GREEN PPAS · STEP 02 · SOURCING STRATEGY · MEMO

Regulatory & Risk Memo

State-wise regulatory risk assessment flagging exposure specific to each sourcing route, with mitigation recommendations.

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.

Sample excerpt · Key Regulatory Risk Flags by Sourcing Route

Risk item	Captive	Group-Captive	Third-Party OA	Mitigation
26% consumption norm breach	Medium	Medium-High	N/A	Load monitoring protocol, MoU clause
Surcharge order revision	Low	Low	High	Fixed-escalation PPA clause
Connectivity/evacuation delay	Medium	Medium	Medium	Early transmission application
Discom litigation history	Low	Low	Medium-High	Site selection screening
Banking curtailment risk	Low	Low	Medium	Diversified generation mix

Notes

- Assessment based on public regulatory orders and precedent cases in the two states reviewed
- Not a substitute for legal opinion; recommend independent counsel review before signing

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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