

Recapture-Period Compliance Checklist — Section 48E

Protecting the 5x multiplier on the Clean Electricity Investment Credit across the 5-year recapture window

Issued by: SkillSmart

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For: Renewable owners, O&M leads, and asset managers responsible for in-service §48E facilities

Cadence: Annual + pre-event

WHY THIS MATTERS — THE CREDIT CAN BE CLAWED BACK

The Section 48E Clean Electricity Investment Credit is claimed once at placed-in-service, but the 5x multiplier remains at risk for the 5 years that follow. Prevailing-wage and apprenticeship (PWA) requirements that earned the enhanced rate must continue to be met for every alteration or repair during that 5-year recapture window. An inverter swap, a module replacement, a transformer change — each is a PWA-covered event during the recapture period. A facility that nailed pre-construction compliance can still lose part of the credit through a sloppy year-two repair. After year five, the alteration/repair PWA obligations end and recapture risk dissipates. This checklist is the ongoing posture review we recommend running annually and before any scheduled alteration or repair work during the recapture window.

Introduction

SkillSmart has spent the past two years working with partners and clients across IRA and state energy tax credit programs as they've come online. One pattern we've seen consistently: most teams build strong pre-construction compliance programs and then find the 5-year §48E recapture period harder to manage than expected, because every alteration or repair across those five years carries credit-recapture risk. This checklist captures what we've seen matter most across the recapture period — to help teams protect the §48E investment tax credit they earned through every inverter swap, blade repair, and capital alteration.

How to Use This Checklist

- Run the full checklist annually during the 5-year recapture period — Q1 of each year is the natural cadence.
- Run Sections B, C, D, and E again before any scheduled alteration or repair event during the recapture period.
- Run Section H whenever an asset-lifecycle event occurs (acquisition, divestiture, O&M change, casualty).
- Use the scoring guide at the end to get a directional read on recapture-period exposure.

Questions about your recapture-period compliance? Let's talk.

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A NOTE ON SCOPE

This checklist covers PWA compliance during the §48E recapture period — the 5 years from placed-in-service date. Pre-construction setup is covered in our companion 48E Pre-Construction Compliance Checklist. This document does not cover the separate Domestic Content or Energy Communities bonus adders, the §6418 transfer mechanics, the §45Y PTC analogue, or the §45Q/§45V/§45U credits.

Section A. When PWA Applies During the Recapture Period

Goal: a clear, written standard for distinguishing routine operations from alteration or repair — and a habit of making that determination at the time of work, not retroactively. The standard applies for 5 years from placed-in-service.

<input type="checkbox"/>	Written policy adopted distinguishing routine operations and maintenance (not PWA-covered) from alteration and repair (PWA-covered). Policy reviewed annually with counsel.
<input type="checkbox"/>	Default rule: when in doubt, treat work as PWA-covered. The downside of over-compliance is small; the downside of under-compliance is recapture of part or all of the 5x credit.
<input type="checkbox"/>	Determination recorded at the time of each work order — not after the fact. The work-order system captures the classification and the reasoning.
<input type="checkbox"/>	No reliance on a de minimis exemption assumed. Small or short-duration alteration/repair work involving laborers and mechanics is in scope.
<input type="checkbox"/>	Annual O&M plan reviewed each year of the recapture period to identify scheduled alteration/repair work and pre-classify each line item. Surprises in the field are minimized.
<input type="checkbox"/>	Recapture-period sunset tracked: after the 5-year window closes, alteration/repair PWA obligations end. Operations after year 5 are not in scope for the §48E credit (though state-level PW obligations may continue).

Section B. O&M Vendor & Contract Management

Goal: every party that performs alteration or repair work on the facility during the 5-year recapture window — O&M provider, OEM service teams, warranty contractors, specialty repair firms, lower-tier subs — is onboarded to the PWA program before they show up on site.

<input type="checkbox"/>	All O&M agreements contain PWA flow-down language covering wage rates, apprenticeship, recordkeeping, and cure obligations for alteration and repair work during the recapture period.
<input type="checkbox"/>	OEM service and warranty repair contracts contain the same flow-down language. Warranty repairs are PWA-covered if they involve covered workers on alteration/repair.
<input type="checkbox"/>	Each O&M vendor and known sub is on the compliance program's contractor list. List refreshed at least quarterly during the recapture period.
<input type="checkbox"/>	Vendor PWA orientation completed before the first dispatch. Repeated for new field crew leads as turnover occurs.

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<input type="checkbox"/>	Lower-tier sub visibility maintained — second-tier subs on O&M crews are in scope just like primary vendors.
<input type="checkbox"/>	Vendor-change protocol documented: when an O&M provider changes mid-recapture-period, compliance evidence and contractor records transfer cleanly and the new vendor is onboarded before assuming responsibility.
<input type="checkbox"/>	Emergency/storm-response contracting protocol: PWA still applies under emergency procurement; pre-qualified emergency vendors have PWA flow-down already in place to avoid scrambling at the worst time.

Section C. Triggering Events to Plan For

Goal: the operations team has a documented list of common events that trigger PWA so the field knows what to flag — and the asset-management team can plan compliance touchpoints around them.

<input type="checkbox"/>	<p>Trigger-event list maintained and shared with the field, covering at minimum:</p> <ul style="list-style-type: none"> Inverter replacement or major service Module / panel replacement (solar) Blade repair or replacement (wind) Transformer or balance-of-plant (BOP) equipment replacement Battery cell, module, or BMS replacement (storage) Tracker repairs and drive replacements (solar) Repowering events or capacity-altering modifications Storm, fire, or casualty repairs Capital alterations and capacity rerates Major annual outage maintenance crossing the alteration/repair threshold
<input type="checkbox"/>	Each trigger event activates a documented compliance workflow: re-pull wage determination, notify covered contractors, capture certified payrolls and apprenticeship hours, retain records.
<input type="checkbox"/>	Pre-event compliance check completed before any planned major alteration/repair (recommend 30 days before).
<input type="checkbox"/>	Unplanned-event protocol documented for storm and casualty work where pre-event preparation is not possible.
<input type="checkbox"/>	Post-event compliance close-out: records collected, classifications confirmed, exceptions logged.
<input type="checkbox"/>	Major repowering inside the recapture window treated as a high-risk event: a poorly handled repower can trigger recapture of the original credit. Coordinate with tax counsel before the work begins.

Section D. Records Continuity Across the Recapture Period

Goal: a continuous, audit-ready records system across the 5-year recapture window that survives vendor changes, financing changes, and ownership changes — and re-baselines compliance data (wage determinations, apprenticeship outreach) at each event rather than relying on stale construction-period data.

<input type="checkbox"/>	Records system maintained continuously across O&M provider changes, refinancings, and ownership changes during the 5-year recapture period. The system follows the facility, not the operator.
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<input type="checkbox"/>	Wage determinations re-pulled at the time of each alteration or repair event, not relied upon from the original construction period.
<input type="checkbox"/>	Certified payrolls (WH-347 or equivalent) collected from every covered vendor and lower-tier sub for each event.
<input type="checkbox"/>	Apprenticeship hours and journey-to-apprentice ratio records maintained per event, including for short-duration work.
<input type="checkbox"/>	Fringe benefit documentation maintained per event (cash payments vs. bona fide plan contributions).
<input type="checkbox"/>	Records retention plan extends through at least year 8 from PIS (5-year recapture period plus 3 years of audit window). Some organizations extend to year 10 for safety.
<input type="checkbox"/>	Annual records-completeness audit performed: spot-check 10–20% of events in the prior year for evidence chain integrity.

Section E. Apprenticeship During the Recapture Period

Goal: the 12.5%/15% apprenticeship labor-hour ratio is applied to alteration and repair work during the 5-year window, not just construction — and the practical realities of short-duration episodic work are handled with documented Good Faith Effort.

<input type="checkbox"/>	Apprenticeship labor-hour ratio applied to each alteration/repair event (12.5% for facilities that began construction in 2023; 15% for facilities that began construction in 2024 or later).
<input type="checkbox"/>	Tracking mechanism in place for events that may run only a day or two — short-duration work still counts toward the ratio.
<input type="checkbox"/>	Good Faith Effort process documented for events where apprentices cannot reasonably be sourced (short-notice repairs, specialty trades, emergency response). GFE for each event captured at the time, not retroactively.
<input type="checkbox"/>	Contractor-level participation rule applied to O&M vendors: contractors with 4 or more employees performing covered work must employ at least one apprentice.
<input type="checkbox"/>	Apprenticeship hours captured in the same labor-tracking system as total event hours — not in a separate ledger that risks drift over five years.
<input type="checkbox"/>	Outreach to Registered Apprenticeship Programs refreshed periodically — at minimum annually — so GFE evidence stays current and credible.

Section F. Annual & Periodic Compliance Reviews

Goal: a predictable cadence of self-reviews across the 5-year window that catches gaps early — long before tax-equity diligence, the next investor reporting cycle, or the IRS does.

<input type="checkbox"/>	Annual compliance review scheduled in each year of the recapture period (Q1 is the natural cadence). Reviews all events from the prior year for records completeness, classification accuracy, and cure status.
<input type="checkbox"/>	Pre-event compliance check completed before any major scheduled alteration or repair (recommend 30 days before).

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<input type="checkbox"/>	Wage determination refresh built into the event workflow — verified at the time of each event, not on a stale calendar.
<input type="checkbox"/>	Cure status review: any pending corrections from the prior year resolved before year-end. No carry-forward of unresolved underpayments into the next year of the recapture window.
<input type="checkbox"/>	Field-team retraining or refresher: a brief PWA refresh delivered to O&M field leads annually so personnel turnover doesn't silently erode compliance posture.
<input type="checkbox"/>	Year-5 wind-down review: in the final year of the recapture window, a comprehensive review confirming no open items remain before recapture exposure ends.

Section G. Recapture Risk Management & Self-Certification

Goal: the §48E credit was claimed once at PIS — but rolling audit-readiness during the 5-year recapture window protects the credit. Any IRS inquiry must be answerable, and any PWA gap must be cure-able, before recapture is triggered.

<input type="checkbox"/>	Internal annual self-certification prepared each year of the recapture period, signed by an authorized officer, confirming continued PWA compliance for any alteration/repair work performed that year. (Not filed with the IRS, but retained as part of the audit-defense file.)
<input type="checkbox"/>	Documentation handoff package assembled year-by-year for the tax preparer and counsel: certified payrolls, apprenticeship records, GFE documentation, cure documentation, and any state-stack records.
<input type="checkbox"/>	“No-event” years documented affirmatively. The absence of alteration/repair activity in a given year is itself a fact worth recording — silence at audit is harder to defend than a documented zero.
<input type="checkbox"/>	Recapture-trigger awareness: the team knows what events could put the §48E credit at risk (uncured PWA failures during alteration/repair, dispositions of qualified property, ceasing to be qualified property). Watchlist maintained.
<input type="checkbox"/>	Records linkage maintained from individual event labor evidence to the specific §48E credit claim — including the audit trail showing the asset remains qualified property across the recapture window.

Section H. Asset Lifecycle Events

Goal: the events that most often break recapture-period compliance — acquisition, divestiture, refinancing, vendor change, casualty — are handled with documented protocols. For §48E specifically, certain dispositions inside the 5-year window can themselves trigger recapture.

<input type="checkbox"/>	Acquisition / divestiture protocol: when the facility changes hands inside the 5-year window, the recapture risk follows the disposition. Coordinate any sale or transfer with tax counsel before close to avoid triggering recapture.
<input type="checkbox"/>	Pre-transaction diligence package ready: a buyer or investor can verify recapture-period compliance posture quickly. Same package supports tax-equity diligence and §6418 transfers.
<input type="checkbox"/>	Refinancing / tax-equity restructuring protocol: the compliance program meets new investor diligence requirements before close.
<input type="checkbox"/>	O&M vendor change protocol: addressed in Section B, but the asset-management lead owns the transition and confirms records continuity before old vendor demobilizes.

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<input type="checkbox"/>	Casualty / emergency repair protocol: PWA still applies; emergency procurement does not waive the requirement. Pre-qualified emergency vendors have PWA flow-down already in place.
<input type="checkbox"/>	Major event / repowering protocol: repowering inside the recapture window is high-risk and may itself constitute a disposition triggering recapture. Treat as a separate decision with counsel before proceeding.

Section I. Risk Transfer & Investor Reporting

Goal: the recapture-period compliance posture supports any insurance, transfer, or tax-equity arrangement in place — and is reported to investors on the cadence they require for the duration of the 5-year window.

<input type="checkbox"/>	Tax-credit insurance status confirmed: if carried at construction, the recapture-period scope is in force and renewed annually as needed across the 5-year window.
<input type="checkbox"/>	§6418 transfer status: if any credits have been transferred, transferee diligence requirements are understood and met across the recapture period — not just at year one. ITC transfer indemnifications typically run for the 5-year recapture window.
<input type="checkbox"/>	Investor reporting cadence calendared: PWA compliance reported to tax-equity partners on their cadence (typically quarterly or annual) for the 5-year window.
<input type="checkbox"/>	Audit-defense plan refreshed each year. Personnel turnover at the asset-management level creates response gaps unless owners are explicitly documented.
<input type="checkbox"/>	Year-5 close-out documentation prepared: at the end of the recapture window, a final compliance file is archived confirming clean compliance across all five years, closing out the §48E recapture risk.

IF YOU MISSED STEPS DURING CONSTRUCTION

Recapture-period compliance is not a substitute for pre-construction setup, but a strong recapture-period program does materially improve audit posture for the rest of the 5-year window. If construction-period gaps existed, run the companion Pre-Construction Compliance Checklist retroactively, document cure payments for any underpayments, and use the recapture-period program from this checklist to ensure the next four years are clean.

Self-Assessment Score

Tally the items you checked across all sections (about 45 in total). Use the bands below as a directional read — they are not a substitute for legal or tax advice.

<input type="checkbox"/>	90%+ checked: Audit-ready recapture-period posture. Maintain the cadence; revisit annually until year-5 close-out.
<input type="checkbox"/>	75–89%: Strong posture. Address gaps in the lowest-scoring section, particularly Sections B (vendor management) and D (records continuity).
<input type="checkbox"/>	50–74%: Moderate recapture-period exposure. The compliance program survived construction but is not fully transitioned to operations. Prioritize Sections A, B, and D.

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- Below 50%: High risk. The §48E credit is materially exposed to recapture for any year in which alteration or repair work occurs. Treat as a near-term remediation priority before the next major work event or investor reporting cycle.

Next Steps

If this surfaced items you weren't sure how to score — or you'd like a second pair of eyes on your recapture-period compliance posture — we'd be happy to offer a brief 30-minute review with one of our compliance leads at no cost. We'll walk through the checklist with you and flag what we've seen become a problem on other projects.

Book a 30-minute review: <https://calendly.com/mknapp-skillsmart/30min>

Or email Michael directly: mknapp@skillsmart.us

ABOUT SKILLSMART

SkillsSmart is a wage-compliance system of record purpose-built for prevailing-wage and Davis-Bacon work, federal and state, and built simply enough that you don't need to hire a consultant to run it. For specialty consulting firms running their own monitoring practices, SkillsSmart is the operating system they can run their practice on.

Disclaimer

This checklist is intended as an educational and operational tool for asset-management and O&M teams responsible for recapture-period compliance under the Section 48E Clean Electricity Investment Credit. It is not legal, tax, or accounting advice. Specific compliance obligations depend on facility location, scope, construction-start date, contractual structure, ownership, and other facts that should be reviewed with qualified counsel and a qualified tax advisor. Regulations and guidance under the Inflation Reduction Act, the One Big Beautiful Bill Act of 2025, and state-level frameworks continue to evolve; verify current rules before relying on any item in this document.

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