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Capital Good Fund – Safe Harbor as a Service

Opportunities for Tribal Nations

Background

Capital Good Fund, a nonprofit Community Development Financial Institution (CDFI), has launched "Safe Harbor as a Service." This program helps Tribal Nations and other partners ensure their solar and battery projects qualify for federal tax credits before the federal rules change.

Under IRS Notice 2025-42, the rules for when a solar or wind project is considered to have "begun construction" have changed for projects that started on or after September 2, 2025. Here's what that means:

- **Five Percent Safe Harbor**, which requires spending 5% of the project cost to claim construction has begun, is no longer available for solar projects larger than 1.5 megawatts (AC). For smaller solar projects (1.5 MW AC or less), the Five Percent Safe Harbor still applies.
- **Physical Work Test** option remains. This includes "physical work significant in nature" — foundation work, installing racks, off-site manufacturing under a binding contract, etc. — not just paying or planning.
- In addition, the rules include a continuity requirement: Once construction begins, you must continue to move forward. There is a **Continuity Safe Harbor**: If the project is placed in service by the end of the fourth calendar year after construction begins, you are deemed to have satisfied the continuity requirement.

Why it Matters to Tribal Nations

- **Energy Sovereignty:** Builds long-term independence and control over Tribal energy resources.
- **Lower Costs:** Solar and battery-storage reduce electricity expenses for Tribal housing, facilities, and citizens.
- **Funding Access:** Opens pathways for Tribal CDFIs, housing authorities, and utilities to connect with capital and partners.
- **Time-Sensitive:** Federal rules are tightening — Tribal Nations that act before **December 31, 2025,** may secure stronger incentives.

Three Pathways for Tribal Engagement

1. **Solar Lenders RFI:** For Tribal CDFIs, credit unions, and lending entities interested in expanding solar financing.
2. **Investors & Philanthropy RFI:** For Tribal Nations, foundations, and partners who manage impact investments or philanthropic funds.
3. **EPCs, Developers & Project Hosts RFI:** For Tribal housing authorities, utilities, and governments with potential project sites to deploy safe harbor solar.

Next Steps for Tribal Leaders

- Review the three RFIs and determine where your Tribal Nation can engage.
- Identify potential Tribal facilities (housing, government buildings, community centers) for potential solar projects.
- Coordinate with Tribal CDFIs, developers, and investors to ensure Tribal priorities are represented.
- Act quickly: Projects must meet IRS safe harbor rules this year to secure current incentives.

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