

Memorandum

DATE: Issued February 13, 2024 WAP Memorandum 123
REPLY TO:
ATTN OF: Carrie Smith, Retrofit and Readiness Program Manager, Weatherization Assistance Program
SUBJECT: Discount Rate for Cost-Effectiveness Calculations
TO: Weatherization Assistance Program Grantees

INTENDED

AUDIENCE: Grantee Program Managers, Grantee Technical Managers, Subgrantee Program Directors, Subgrantee Technical Managers, Weatherization Training Centers

Weatherization Assistance Program (WAP) regulations ([10 CFR 440.21](#)) require that “each individual weatherization material and package of weatherization materials installed in an eligible dwelling unit must be cost-effective..., discounted to present value.” Weatherization Program Notice (WPN) [23-6 Revised Energy Audit Approval Procedures](#) provided guidance on the necessary calculations for making this determination, including verification that Grantee’s energy audit incorporates future savings using an appropriate discount rate.

The Office of Management and Budget (OMB) updated discount rates on November 9, 2023. The new rate is provided per [OMB Circular A-4](#) and directs two percent (2%) be used for the discount rate effective March 1, 2024.

Historically, WAP utilized a three percent (3%) default discount rate for all energy savings evaluations, which was based on previous discount rate direction provided by the OMB in [OMB Circular A-94 Appendix C](#).

To comply with the OMB’s update, WAP clarifies the guidance in WPN 23-6 regarding the choice of discount rate, directing that “**the discount rate used in cost-effectiveness calculation be two percent (2%). This is effective March 1, 2024.**” *Grantees should ensure this rate is updated in their energy audit tools by March 1, 2024.*

Grantees with questions regarding this memorandum should contact their DOE Technical Project Officer.