



**International Code Council**  
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## ICC MEMORANDUM

**TO:** Energy Code Development Committees, Subcommittees and Interested Parties  
**FROM:** Mike Pfeiffer, PE, Senior Vice President of Technical Services  
**RE:** Discount Rates and Code Content  
**DATE:** February 15, 2022

The Code Council appreciates the considerable effort to date by members of the Commercial and Residential Consensus Committees, Subcommittees and interested parties to develop the 2024 International Energy Conservation Code and Chapter 11 of the International Residential Code under a standards development process. We are aware of two issues before the committees which if not resolved expeditiously may lead to an inability to complete the Committees' work in a timely manner. This memorandum provides direction to the committees on the use of discount rates in cost effective analysis and the placement of code content in the IECC and IRC, as applicable.

### **Discount Rates:**

In the [framework](#) and subsequent [committee procedures](#) issued by the Code Council Board of Directors, the procedures for use of cost effectiveness analysis are provided. Per these procedures, "underlying assumptions should be clearly documented including compliance with any parameters set by the committees and approved by the Board." Groups tasked by the committees to develop parameters have successfully reached consensus on many of the items. However, agreement on the discount rate(s) to be used has not been reached to date.

The direction below points to discount rates set by the U.S. Office of Management and Budget (OMB) for use in analysis conducted by federal agencies (including the U.S. Department of Energy). These rates are currently used to support the statutory review DOE conducts upon release of a new edition of the IECC. Cost effectiveness analysis is an important tool for use by the committee in determining the resolution of a proposal. It is up to individual committee members and the Consensus Committees to determine the weight they place on results of a cost effectiveness analysis as it relates to the action taken on the proposals for which cost effectiveness is a consideration.

### **The Code Council provides the following direction:**

*Consistent with guidance from the U.S. Office of Management and Budget ([Circular A-4](#)) the Committees shall conduct cost effectiveness analysis using discount rates of both 3 percent and 7 percent for evaluation of the public input proposals currently under consideration. If OMB revises these rates prior to the posting of Public Comment Draft 1 for comment, the updated discount rates will be used for those comments.*

### **Code Content:**

In the new [framework](#) approved by the Board in March 2021, a new scope and intent were developed for the IECC and Chapter 11 of the IRC. While this new scope and intent is considerably more detailed than the prior scope and intent, there is some confusion within the Committees on what topics can be addressed within the body of the IECC or IRC Chapter 11 as minimum requirements as opposed to an IECC or IRC appendix.



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The scope and intent of ICC codes and standards are set by the Board of Directors in accordance with Council Policy 28. The Board has not previously provided updates or clarification to the scope or intent of codes or standards during an active development process, allowing the development process to proceed to resolution. If a topic is contained in the scope or intent statement, it may be included either in the base of the code or as an appendix, as determined by the consensus body. Generally, appendices in the I-Codes fall under one of two categories: available for state/local adoption and for informational purposes only. In both cases, they undergo the rigors of the process no differently than text considered for the minimum requirements in the code. Each appendix in the respective I-Code notes the specific application of the appendix.

### **The Code Council provides the following direction:**

*Any content within the scope and intent of the code may be included either in the body of the code as minimum requirements or as an adoptable appendix based on the determination of the responsible Consensus Committee. Where content is to be included in an adoptable appendix, the appendix must include mandatory enforceable language.*

Cc: Dominic Sims, CEO