

APPENDIX 4 – GLOSSARY OF TERMS

The following words found within the main report have the following meanings.

Word/Phrase	Meaning
Bad debt	An expense or loss in the accounts due to money owned that is unlikely or impossible to recover either because the debtor cannot or does not want to pay.
Coefficient of Performance (CoP)	A measure of a heat pump's efficiency, showing the ratio of heat energy delivered to the electrical energy consumed. A Coefficient of Performance higher of 1 indicates higher efficiency than a simple heater (CoP 1) and indicating lower running costs and energy use.
Communal Heat Network (CHN)	A heating system for an individual building, which comprises a generating plant and the distributing pipes along the corridors and flats serving only the dwellings within that building.
Department of Energy Security and Net Zero (DESNZ)	The Department of Energy Security and Net Zero is a ministerial department, responsible for UK energy security, protecting billpayers and reaching net zero.
Design, Build, Operate and Maintain Contract (DBOM)	A contract that bundles design, construction, operation, and long-term maintenance into one single agreement with one main contractor, often for infrastructure.
District Heat Network (DHN)	A District Heat Network supplies heat and hot water at scale, generated from a central plant via a network of underground pipes carrying it to multiple communally heated buildings.
Green Finance Fund (GFF)	The Mayor's Green Finance Fund is a £500m fund providing finance to projects that deliver London's net zero ambitions. The aim of the fund is to decarbonise London by reducing the cost of borrowing for eligible organisations.
Net Present Value (NPV)	The Net Present Value (NPV) is the total estimated value of the project in today's money. It is calculated by adding all the cash outflows (upfront capital funded by borrowing and ongoing maintenance and administration) from the project and subtracting them from the future cash inflows (in this case energy tariff income) from the project. The future costs and cash inflows are reduced by a set % called the discount rate to reflect the impact of borrowing costs and the principle that £1 today is worth more than £1 tomorrow. A positive NPV implies that Brent will recover the costs of its investment funded by borrowing over 40 years. A negative NPV implies that the costs outweigh the financial benefits and that a project is not viable.