

Bedfordshire Energy and Recycling Project Glossary

Acronym	Term	Definition
	Affordability Envelope	This is the upper cost that the authorities need to sign up to. It is made up of the base case cost plus a number of sensitivities to provide a level of contingency and hence a more prudent affordability position.
	Affordability Gap	The difference between the base case cost and the projected residual waste disposal budgets of the authorities.
	Base Case Cost	The projected cost of the reference project.
BBC		Bedford Borough Council
BMW	Biodegradable Municipal Waste	Waste from households, commercial activities and other activities and sources whose activities are similar to those of households and commercial enterprises, that is capable of being broken down by plants and animals, such as food and garden waste, and paper and paperboard.
CAPEX	Capital Expenditure	Capital investment creating acquisition, creation and enhancement for Intangible and Tangible Assets.
CBC	Central Bedfordshire Council	Central Bedfordshire Council.
CHP	Combined Heat & Power	A highly fuel-efficient technology which produces electricity and heat from a single facility.
CD	Competitive Dialogue	Procedure in which any economic operator may request to participate and whereby the contracting authority conducts a dialogue with the candidates admitted to that procedure, with the aim of developing one or more suitable alternatives capable of meeting its requirements, and on the basis of which the candidates chosen are invited to tender.
	Contingency/ Headroom	This is the difference between the base case cost and the affordability envelope and is effectively the sum of the sensitivities. Greater contingency means a higher level of prudence in the costing.
DEFRA	Department of Environment Food and Rural Affairs	A UK Government body whose mission it is to enable everyone to live within our environmental means.
	Do-Minimum	A term used to represent a situation where the authorities continue to landfill waste. Recycling and composting would however increase as in the reference project.
EfW	Energy from Waste	The combustion of waste under controlled conditions in which the heat released is recovered to provide steam (usually) for electricity generation.
FOREX	Foreign Exchange Market / Rate	The purpose of the Foreign Exchange Market is to aid international trade and investment by converting one currency to another, enabling banks and other institutes

		to buy and sell currencies. The rate represents the amount the currencies are bought and sold at.
HM Treasury	Her Majesty's Treasury	UK Government Department for managing the country's public revenues.
JWA	Joint Working Agreement	Agreement establishing and effecting the provisions under which the Project will be carried out and clarifying the authorities' responsibilities in respect of the Project and of each other.
LATS	Landfill Allowance Trading Scheme	A scheme whereby waste disposal authorities are allocated allowances for the amount of biodegradable municipal waste that can be disposed of to landfill.
	LBC	Luton Borough Council
LIBOR	London Interbank Offer Rate	This relates to the interest rate that the banks charge each other for loans. It is applicable to the international interbank market and applies to large loans borrowed from one day to five years.
NNDR	National Non-Domestic Rates	National non-domestic rates or business rates are collected from businesses by councils, pooled by central government and redistributed to councils on a population basis. Special arrangements apply in the City of London. NNDR money combines with the revenue support grant (RSG) and council tax to make up local government funding.
OBC	Outline Business Case	A much more detailed and costed business case which is further tested on the issues covered at the Expression of Interest stage and is where the authority demonstrates that pursuing their solution will deliver value for money (vfm). It is also tested with regards to financial deliverability and how well the output specification is defined.
OPEX	Operating Expenditure	Represents ongoing operational revenue expenditure associated with the operation of the facility.
OJEU	Official Journal of the European Union	A Journal where notices are placed as an official means of information delivery concerning the progress of a particular competitive procurement (usually over the relevant EC threshold, but not always) to the European public at large.
	Partnership	The Partnership is used to refer collectively to the unitary authorities participating in the BEaR Project, i.e. Luton Borough Council and Central Bedfordshire Council.
	Payment Mechanism	The broad principles are payment for services when key agreed outputs and performance is achieved. It aids the transfer of risk to the contractor in line with its obligations and provides financial incentive for the contractor to perform in accordance with the output specification.
PFI	Private Finance Initiative (Grant Annuity Rate)	A method to provide financial support between the public and private sectors. It represents the Government revenue support for expenditure incurred in making payments for the capital elements of PFI projects. It equalizes the payment amounts over an

		agreed period of time.
PQQ	Pre-Qualification Questionnaire	A process is to enable the Authority to create a short list of potential providers by obtaining sufficient information to evaluate suitability in terms of; technical knowledge and experience, capability/capacity and financial standing.
	Project Agreement	The PFI contract for services between the public sector Authority and private sector contractor
PRG	Project Review Group	The PRG oversees the approval process for Local Authority PFI Projects that receive Government support.
	PUK	Partnerships UK – public / private sector joint venture responsible for the best practice in PFI/PPP
	Reference Project	A term used to represent the modelled project: Increased recycling and composting to above 50% with an Energy from Waste with Combined Heat and Power plant treating the remaining waste. This is not a technology choice and is simply used to assess the likely costs of the project to the authorities.
	Sensitivities	Risk based scenarios run on the base case costs to show the impact of changes in assumptions on costs. An example of a sensitivity is an increase in the capital costs of the plant by 10%. The sensitivity would show the effect of this on the total costs.
	Sensitivity Analysis	Is fundamental to appraisal. It is used to test the vulnerability of options to unavoidable future uncertainties. It is essential to consider how conclusions may alter, given the likely range of values that key variables may take.
SWAP	Swap Rate	Is a mechanism through which lenders can acquire a fixed price for funding over a specific period of time.
	Unitary Charge	The unitary charge (also known as the unitary payment) is the payment made by the procuring authority to the project company over the concession period in respect of the provision of services provided by the Bidder. It is calculated by reference to the costs incurred by the project company, these include: construction costs; operating costs; financing costs; and other project costs and is offset by any income from third parties.
VfM	Value for Money	A concept associated with the economy, effectiveness and efficiency of a service, product or process, i.e. a comparison of the input costs against the value of the outputs and a qualitative and quantitative judgment over the manner in which the resources involved have been utilised and managed.
WET Act 2003	Waste Emission Trading Act 2003	An Act to make provision about waste and about penalties for non-compliance with schemes for the trading of emissions quotas