

# Statement of Corporate Intent

2020/21

*Owned by the  
people of WA*

**HORIZON**  
POWER

# Contents

<b>1. Purpose of the document</b>	<b>3</b>
<b>2. Executive summary</b>	<b>4</b>
<b>3. Agency information</b>	<b>5</b>
3.1 Current State	5
3.2 Objectives	7
3.3 Horizon Power's response to COVID-19	7
3.4 Horizon Power's 2019-2024 Strategy	8
<b>4. Ministerial reporting</b>	<b>10</b>
<b>5. Performance Indicators</b>	<b>11</b>
<b>6. Finances</b>	<b>12</b>
6.1 Approved Asset Investment Program	12
6.2 Accounting standards/policies	13
<b>7. Payments to and from government</b>	<b>13</b>
7.1 Dividend policy	13
7.2 Community service obligations and operating subsidiaries	14
<b>Appendix A - Ambition and Strategy</b>	<b>16</b>
<b>Appendix B - Key Performance Indicators</b>	<b>17</b>



# 1. Purpose of the document

This Statement of Corporate Intent (SCI) is prepared in accordance with Part 5 of the *Electricity Corporations Act 2005* (the Act).

The document reflects the business intentions of the Regional Power Corporation, trading as Horizon Power, for the 2020–21 financial year.

The SCI is shaped by Horizon Power’s 2019–2024 Strategy (Strategy), launched in September 2019, and reflects the organisation’s ambition to deliver energy solutions for regional growth and vibrant communities

in the most safe, efficient and reliable way, while enabling customers to have greater control over their energy needs.

Consistent with the requirements of Section 99 of the Act, this SCI outlines the objectives, functions, main undertakings and performance targets for the year, the community service obligations required of the business, the dividend and accounting policies to apply, and the information to be provided to the Minister for Energy.



## 2. Executive summary

Horizon Power is a customer-centric and commercially focused, State Government energy utility which generates, procures, distributes and sells electricity to residents and businesses in remote and regional Western Australia. Our role is to provide safe and reliable power to our customers at the lowest sustainable cost and add value to the communities we service.

A total of 38 systems are managed, delivering power to 47,702 customer connections, or approximately 110,000 people and 9,000 businesses. We service the North West Interconnected System (NWIS) in the Pilbara, a connected network covering three interconnected systems in Kununurra, Wyndham and Lake Argyle, and 34 microgrids tailored to meet the unique needs of some of the most isolated and remote communities in the world. Operating in a service area which spans 2.3 million square kilometres, we are responsible for the largest geographical catchment of any Australian energy provider.

There is a move away from large centralised power stations to distributed energy resources (DER) owned by customers or communities and dispersed throughout the electricity network. This transformational change presents great technical challenges, particularly in the vast and diverse landscape across which Horizon Power operates, because smaller and isolated energy systems are more easily disrupted by renewable energy. For regional Western Australia, these factors are compounded by the significant gap between the residential tariff and the cost to supply in most of our service area.

As Australia's only vertically integrated utility, with advanced metering deployed across its service area, Horizon Power can leverage new and emerging technologies to move quickly with this change. With a view to improving reliability and reducing cost to serve regional and remote area customers, Horizon Power has had to rethink the way it operates to ensure it remains at the forefront of the innovations occurring in the energy industry.

Horizon Power's Strategy, which launched in September 2019, reflects its future aspirations, as well as being true to the heart of the business. Its development follows extensive consultation with employees across the organisation, its Board and Minister, and provides clear direction, accountabilities and responsibilities throughout the business to ensure effective delivery. The Strategy will ensure the business remains focussed on its ambition to deliver "energy solutions for regional growth and vibrant communities".

Horizon Power's Strategy focuses on connecting deeply with its regional communities, building and fostering a culture that inspires and unites people, demonstrates a commitment to Aboriginal and Torres Strait Islander peoples, drives high performance, and supports positive health and wellbeing outcomes.



**Samantha Tough**  
Chair of the Board



**Stephanie Unwin**  
Chief Executive Officer

## 3. Agency information

### 3.1 Current State

The external environment is framed by a worldwide focus on the impact of the changing climate and the responses needed from key sectors to address this. Globally, decarbonisation is front of mind to reduce the harmful emissions produced from many industries. At the same time, technology will see electric vehicles emerge as the dominant vehicle in production.

Traditional utility business models are clearly at risk if they cannot adapt to address increasing retail electricity prices, widespread adoption of DER and declining asset utilisation rates.

With only one customer per 50 square kilometres, Horizon Power faces the additional challenge of supplying safe and reliable electricity to the most remote parts of the State, to diverse demographic groups and a wide range of terrains and climate zones.

Horizon Power's financial position is secured by a significant subsidy provided through the Tariff Equalisation Contribution (TEC), which for the FY19 is \$227.4 million. Horizon Power's Strategy outlines initiatives to reduce the TEC through the review of power purchase agreements, rebuilding generation and continuing to digitise and streamline operations and services.

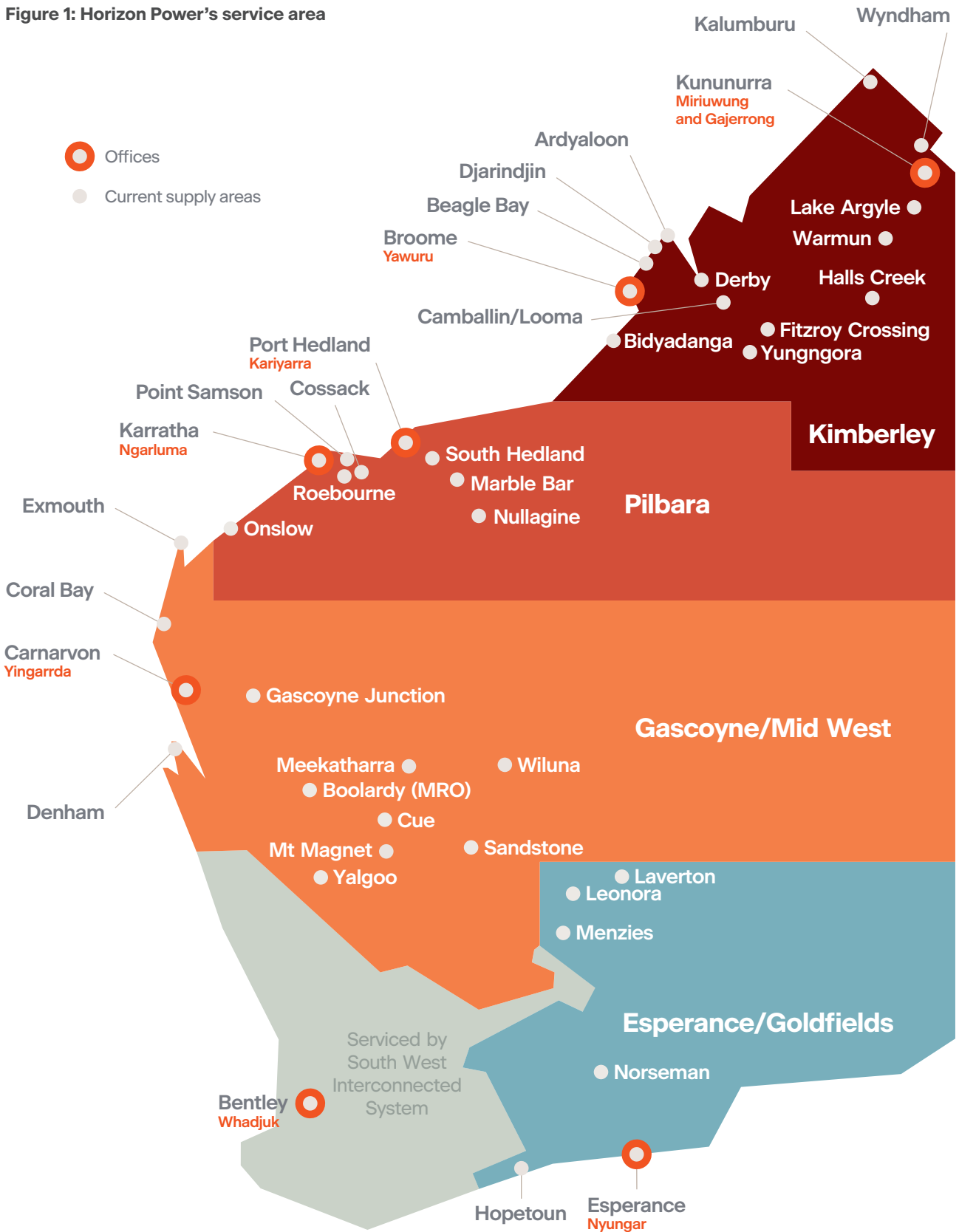
The increasing uptake of rooftop solar photovoltaic (PV) systems and the resultant impact on revenue challenges existing tariff structures which are designed to recover electricity supply costs through a simple volumetric charge in the tariffs. Further to this, the introduction of competition in the NWIS, specifically in relation to Horizon Power's transmission and distribution assets, will challenge revenue forecasts through increased retail competition for contestable customers in the Pilbara. Horizon Power has established a separate retail division and is investigating methods to enable the business to be ring-fenced from the network division necessary for enabling transmission of supply via competitors.

Horizon Power is developing strategies to mitigate the impact of these risks, including identifying growth opportunities in the Pilbara and Kimberley, and working with its customers to determine an efficient and acceptable pricing alternative to the current gazetted tariffs which can also sustainably integrate the benefits of new technology such as solar installations, batteries, energy efficiency products and electric vehicles.

Horizon Power is making significant investments in developing its renewable energy capability, incorporating rooftop solar and battery orchestration and expertise. It is leading the way with technical trials and pilots which explore new and innovative ways of providing customers with more sustainable, affordable power and tailored energy solutions. The demonstration project underway in Onslow is achieving high levels of renewable energy penetration and will allow for higher levels of customer-owned solar.

Horizon Power's aim is to develop energy solutions which do not use fossil fuels, and to have renewable assets incorporated into each of the 38 systems. By removing the barriers which inhibit customers' ability to install solar and batteries it provides the ability for them to reduce their costs and consequently their carbon footprint. Horizon Power has already led the way with trials and projects that have enabled higher levels of renewable penetration. It is now looking at community solutions to enable customer products to those customers without access to the capital or rooftops to take up DER options.

Figure 1: Horizon Power's service area



## 3.2 Objectives

Horizon Power's primary objective is to continue to improve the reliability of electricity supplies while ensuring the safety of the public, its customers and employees. While it has always recognised the value and benefit it provides to its communities, this commitment has been reinforced and strengthened in the 2019-24 Strategy with a customer and value-focused vision at the core of Horizon Power's ambition to *deliver energy solutions for regional growth and vibrant communities*. A customer-centric focused organisation will lead to better outcomes for customers, the State and the organisation.

Horizon Power is committed to acting commercially and achieving value for money while working to reduce the TEC support on each system in its regions. It is also committed to supporting customers to lower their energy costs and is working to ensure every customer who wants to install renewable energy can do so in the future. This is being achieved through the demonstration of new technology to manage higher levels of DER.

Horizon Power will also maintain, and build on its support of customers who may be in hardship or vulnerable to hardship.

The widespread adoption of solar PV and energy storage does pose a risk to revenue as customers installing PV are connected to the grid but only pay a small, subsidised variable charge for their remaining consumption. Horizon Power continues to work with its customers, empowered with rich customer data sets from its advanced metering system, to support them to lower their costs, while at the same time reducing the impact on revenue. Horizon Power continues to explore other revenue opportunities, with a focus on the Pilbara, and lowering costs through rebuilding generation and digitisation of operations.

Horizon Power's focus in 2020/21 is on a set of strategic initiatives and measurable objectives to leverage the opportunities created in this changing environment.

## 3.3 Horizon Power's response to COVID-19

Horizon Power's response to COVID-19 included changes to its operational processes, and engagement with employees and customers. The business implemented measures to ensure employee safety, and continuity of operations and service delivery across the regions.

Through its *Keeping Connected* campaign, Horizon Power delivered more than \$15 million of State Government stimulus support across its regions. The \$2,500 *Small Business and Charity Tariff Offset* assisted customers with meeting their electricity costs, totalling more than \$13 million. Over \$2 million of support for households was also provided through the one-off \$305.25 Energy Assistance Payment (EAP) for around 7,000 residential customers.

Horizon Power has delivered a range of customer hardship measures since March 2020 and will continue to work closely with customers to assist in the transition off COVID-19 support measures.

As part of the State Government's *WA Recovery Plan*, Horizon Power has been awarded more than \$55 million to deliver on a range of infrastructure projects across its regions in the coming year. In total, 18 projects, including battery energy storage systems in the west Kimberley, rooftop solar for the Derby Hospital, smart LED streetlights in Derby and Kununurra, and the Broome Experience Centre which will see the relocation of the call centre to Broome, will be delivered by Horizon Power.

## 3.4 Horizon Power's 2019-2024 Strategy

Horizon Power's Strategy reflects its future aspirations, as well as being true to the heart of the business. Its development follows extensive consultation with employees across the organisation, its Board and Minister, and provides clear direction, accountabilities and responsibilities throughout the business to ensure effective delivery.

The Strategy will ensure the business remains focused on its ambition to deliver energy solutions for regional growth and vibrant communities. In working towards this ambition, the business is focused on continuing to provide safe and reliable power to customers in the most efficient way possible, while enabling customers to connect and have greater control over their energy needs. Successful execution of the Strategic Goals will see Horizon Power deliver on its ambition through meeting its Key Performance Indicators (KPIs) in the areas of:

### Energy affordability

Deliver solutions to customers which support them in reducing their total energy bills, with a target of a 10 per cent reduction within the next five years. A range of options are being explored, including alternative pricing products, energy efficiency tools, and other products and services to help customers better manage and reduce costs.

### Renewable energy

Horizon Power's aim is to develop energy solutions which incorporate renewable assets into each of its 38 systems. This includes zero new diesel from 2025 and 100 per cent of its systems including grid-based renewables by 2030. By removing barriers more customers will be able to install solar and battery to reduce their costs and carbon footprint. The business is also leading the way with trials and projects which are aiming to shift boundaries to allow higher levels of renewable penetration while not impacting the reliability and security of electricity supplies.

### People, safety and wellbeing

To build a high performing organisation which can deliver on the Strategy and sustain executional excellence, Horizon Power has identified a number of strategic initiatives which will better engage and equip employees. Future-proofing our employees with the

skills required to meet the rapidly changing energy sector is of critical importance. Equally, establishing an inspired workplace culture which will attract and retain the best talent is essential. Horizon Power is proud to have a strong safety culture and has expanded core safety values to include a comprehensive wellbeing program to recognise the importance of the "whole of employee".

### Sustainable business

Horizon Power is committed to reducing TEC by reviewing power purchase agreements, improving utilisation of assets and rebuilding generation. The business will focus on improving the reliability of electricity supplies to customers through changes in technology, the digitisation of operations, and reducing the duration of outages. Horizon Power will work with Government to extend its services to communities with unregulated networks which are less reliable and safe. Horizon Power is continuously planning for the future development of the NWIS as it seeks to develop optimal network investment strategies to provide services as efficiently as possible. This includes exploring and reviewing options to participate in new transmission infrastructure to create future opportunities for large enterprise loads.

Horizon Power's strategic goals and the ongoing focus on cost efficiency and improved service delivery will serve as a platform for Horizon Power to continue to reduce costs, deliver safe and reliable power supplies, and provide customers with more choice.

A number of initiatives and projects are planned to support the delivery of the Strategy which also align with the Government's priorities. For FY21, Horizon Power has prioritised the following projects to achieve these goals:

- **Optimise Generation** – the process by which Horizon Power seeks to reduce its cost to supply by renegotiating Power Purchase Agreements;
- **Build a Digital Utility** – leveraging data science and technology to enhance customer experience, drive efficiencies in operations and improve safety and reliability for customers;





Figure 2: Horizon Power's Strategy

- **Develop Integrated Resource Planning capabilities** – take an integrated approach to system planning (customer, economic, technical), to identify, prepare and deliver energy options which achieve social, environmental and economic goals;
- **Utilise MyPower to achieve lower and more predictable bills for customers** – Horizon Power's successfully demonstrated innovative pricing product realigns tariff structure to the system cost structure and provides the tools and incentive for customers to reduce their use at peak times. A wider launch of the product supported by product and service innovations which facilitate customer participation is required to create a fairer and more sustainable energy system;
- **Identify and deliver the most viable DER management solution** – the development and rollout of a Distributed Energy Resource Management System to enable higher DER penetration without constraints of system technical limits, adding value to customers and the grid;
- **Deliver a Standalone Power System (SPS) solution** – a new asset class for off-grid customers, providing safe and reliable electricity and capable of reducing cost to supply; and
- **Commitment to Aboriginal and Torres Strait Islander people** – with approximately 15 per cent of regional WA's population identifying as Aboriginal and Torres Strait Islander, Horizon Power will continue to deliver safe and affordable energy solutions to communities. This includes reinforcing its commitment to create opportunities with an Aboriginal and Torres Strait Islander employment target of 7 per cent (from 4.5 per cent) in two years, and new graduate and training positions being created. The Aboriginal Procurement Policy targets have also been embraced.

## 4. Ministerial reporting

To enable the Minister to meet Parliamentary obligations, Horizon Power is committed to keeping the Minister proactively informed of major initiatives, significant transitions and matters of strategic importance to the State through regular reporting. Horizon Power further recognises the need to adhere to information requests detailed in the Premier's Circulars and fulfilling the Economic Regulation Authority's regulatory reporting obligations. Where possible, Horizon Power will seek to contribute to relevant Government policies collaboratively aligning with other Government Trading Enterprises (GTEs) for consistency, and with industry on new technology trials to improve customer outcomes. It is committed to applying the Government's new governance framework to strengthen its connection with all areas of Government and create and present new opportunities to the Government for consideration which align with principles of the GTE reform program.

To meet the reporting requirements as outlined in the Act, Horizon Power will provide the following information to the Minister for Energy:

### Quarterly Report

Horizon Power will provide to the Minister for Energy and the Western Australian Treasurer a report on performance for each three-month period. These quarterly reports will detail the actual quarterly and year-to-date performance of the business, provide comparisons to Statement of Corporate Intent targets, and highlight any matters of interest. The business will submit the quarterly reports in accordance with the requirements of Section 106 of the Act, including the requirement to provide the reports within one month of the end of a quarter.

### Annual Report

Horizon Power will prepare and deliver an annual report on its performance for the full year to the Minister for Energy. The report will follow the end of the financial year and will be provided to the Minister for Energy in accordance with the requirements of Section 107 of the Act. The report will include:

- consolidated statutory financial statements and other statutory information required of any company under the Corporations Law;
- an overview of major achievements and an appraisal of future prospects;
- a comparison of performance with Statement of Corporate Intent targets; and
- other information required by the Act to be included, such as the particulars of any directions given by the Minister for Energy.

In addition to quarterly and annual reports, the Act requires that the Minister for Energy be provided with:

- a five-year Statement of Expectations (formerly the Strategic Development Plan) and a one-year Statement of Corporate Intent;
- a report on staff compliance with any Board-issued codes of conduct; and
- any information in Horizon Power's possession requested by the Minister.

## 5. Performance Indicators

Horizon Power has selected a set of KPIs to measure its success in achieving its objectives, as detailed in Appendix B. Underpinned by good, prompt customer service as cited in customer surveys, Horizon Power's customer satisfaction levels are strong.

Related to the improvement in customer satisfaction is Horizon Power's improvement in system reliability and system security – as measured by the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). Horizon Power's SAIFI of 2.0 is well below the target of 6.6, along with SAIDI performance of 174 minutes, relative to the annual target of 290 minutes. Over the period covered by the SOE, Horizon Power's target for the number of compliant systems is 33 out of 38 systems, with the year-to-date currently at 29 due to outage durations experienced in several small systems.

Notwithstanding, reliability performance has improved since Horizon Power's creation 13 years ago. Horizon Power will refine its focus on the areas of the networks that have lower levels of reliability to continue to improve performance and provide a more granular view of performance.

With a focus on safety across the business, Horizon Power's Lost Injury Frequency Rate KPI has a target of zero. The year-to-date outcome of 0.0 representing the number of lost time injuries sustained per one million hours of work. This represents a positive downward trend in this metric over the past several financial years.

## 6. Finances

### 6.1 Approved Asset Investment Program

Horizon Power's State Government-approved asset investment program for the next four financial years is forecast at \$306.6 million, as shown in the table below.

**Table 1: Government-approved major projects**

Government Approved Major Projects	2020/21 (\$m)	2021/22 (\$m)	2022/23 (\$m)	2023/24 (\$m)
Asset Management Plan				
Asset Replacement	39.2	11.8	13.4	2.0
Capacity	3.1	3.2	3.3	3.3
Regulatory Compliance	0.4	0.4	0.4	0.4
Reliability	1.8	1.8	1.9	1.9
Safety	9.8	6.3	3.0	6.6
Knowledge and Technology	5.6	5.7	5.9	5.9
Mobile Plant and Operational Fleet	3.8	3.9	4.1	4.1
Property Management	7.2	3.8	0.4	3.9
Other Customer Driven Works	9.0	9.3	3.8	3.8
Remote Communities Photovoltaics	10.5	0.0	0.0	0.0
Onslow Power Infrastructure Project – Power Station Upgrade	12.9	0.0	0.0	0.0
Karratha – Dampier Transmission Line Upgrade	15.6	0.0	0.0	0.0
Midwest Pipeline Connection to New Customer	1.0	0.0	0.0	0.0
Distributed Energy Buy-back Scheme Infrastructure Upgrade	0.6	0.0	0.0	0.0
Feasibility Studies for the Regularisation of 13 Ngaanyatjarra Lands Aboriginal Communities	0.7	0.0	0.0	0.0
COVID-19 Hardship Response Infrastructure Upgrades	0.7	0.0	0.0	0.0
COVID-19 WA Recovery Plan	61.2	9.4	0.0	0.0
<b>Total</b>	<b>183.2</b>	<b>55.5</b>	<b>36.1</b>	<b>31.8</b>

## 6.2 Accounting standards/policies

Horizon Power's financial statements are prepared in accordance with the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and are consistent with the financial requirements of the Act.

## 7. Payments to and from Government

Horizon Power's payments to Government include:

- Payment of dividend in line with the Dividend Policy;
- Payment of income tax under the National Tax Equivalent Regime, representing 30 per cent of taxable profit; and
- Payment of Loan Guarantees.

### 7.1 Dividend Policy

Horizon Power complies with the Government's dividend policy of paying 75 per cent of Net Profit After Tax. The projected financial year dividend of 75 per cent will be paid in the financial year the dividend is declared, and 25 per cent will be paid in the subsequent year, subject to satisfying a solvency test. Dividends are declared in consultation with the Minister for Energy.

## 7.2 Community Service Obligations and Operating Subsidies

Section 99(1) of the Act defines community service obligations as “obligations to perform functions or to meet performance targets that is not in the commercial interests of the corporation concerned to perform or meet”.

Horizon Power receives payments or subsidies from the Government for a number of community service obligations, including the following (and shown in the below table):

- Air Conditioning Allowance – provided to eligible customers to assist with the costs of air conditioning from August to May, depending on the location of the town.
- Dependent Child Rebate – supports customers who receive concessions with the increased energy cost of raising children.
- EAP – assists concession card holders in paying their electricity bills.
- Feed-in Tariff (FIT) – provided to early adopters of solar for the operating cost of the FIT scheme<sup>1</sup>.
- Tariff Adjustment Payment (TAP) – the difference between the cost-reflective price of electricity in the SWIS and the uniform tariff paid by customers which are set by the State Government.
- Tariff Migration – the residential tariff (A2) subsidy compensates Horizon Power for the difference between the residential and business tariff, as the former is paid by caravan parks. Both the residential and business tariff are set by the State Government.
- Remote Essential Services Operating Subsidy – a one-off subsidy of \$2.2 million in 2019-20 and an ongoing operating subsidy of \$770,000 per annum from 2019-20 onwards for costs associated with the power consumed in the provision of water and wastewater services in remote communities and town-based reserves.
- EAP Boost payment – an additional upfront \$305.25 EAP to more than 7,000 eligible residential customers.
- WA Small Business and Charity Offset – payment to more than 5,000 local business customers through the \$2,500 Small Business and Charity Tariff Offset to ease with financial distress and meeting their electricity costs.
- WA Household \$600 Electricity Credit Government – an additional operating subsidy to meet the cost of applying a one-off \$600 household electricity offset to 39,500 residential electricity customers.
- COVID-19 Hardship Response – Horizon Power will employ two new case managers to provide one-to-one support for customers in hardship. The new case managers are expected to serve 124 customers.

<sup>1</sup> The FIT received by Horizon Power amount to \$40,000 per annum and due to end in 2021/22.

**Table 2: Horizon Power's Community Service Obligations**

<b>Operating Subsidy</b>	<b>2020/21 (\$m)</b>	<b>2021/22 (\$m)</b>	<b>2022/23 (\$m)</b>	<b>2023/24 (\$m)</b>
Air Conditioning Allowance	0.6	0.7	0.7	0.7
Dependent Child Rebate	0.7	0.7	0.7	0.7
Energy Assistance Payment	1.3	1.3	1.3	1.4
Feed-In Tariff	0.0	0.0	0.0	0.0
Tariff Adjustment Payment	7.0	8.5	9.3	8.8
Tariff Migration - Caravan Park subsidy	0.2	0.2	0.2	0.2
Remote Essential Services Operating Subsidy	0.8	0.8	0.8	0.8
Hardship Utility Grant Scheme	0.2	0.2	0.2	0.2
Energy Assistance Payment Boost	0.5	0.0	0.0	0.0
Small Business Stimulus	0.6	0.0	0.0	0.0
\$600 Residential Energy Offset	23.7	0.0	0.0	0.0
State Recovery Plan - Derby Hospital	3.7	0.0	0.0	0.0
COVID-19 - Case Management	0.4	0.4	0.4	0.4
COVID-19 - Complimentary Measures	0.7	0.0	0.0	0.0
<b>Total</b>	<b>40.4</b>	<b>12.7</b>	<b>13.5</b>	<b>13.1</b>

# Appendix A: Ambition and Strategy

Horizon Power's recently renewed Strategy has set a bold Ambition of *delivering energy solutions for regional growth and vibrant communities*.

In partnership with its customers, communities and industry, Horizon Power has the opportunity to shape the future landscape of energy generation in regional and remote Western Australia.

This innovative and solutions driven Strategy will bring together all parts of the business to deliver on the 21 initiatives which make up the five strategic themes of:

1. **Innovative and tailored customer solutions** which meet the changing expectations, demands and energy needs of customers.
2. **Leading the energy transition** by identifying, developing or deploying suitable technologies, with a strong commitment to increasing industry partnerships, and delivering the first zero hydrocarbon town.
3. **A high performing organisation** which can be responsive to the rapid changes being experienced in the energy sector.
4. **Optimising and extending core business** through efficiencies in operation, asset management and works delivery to realise the full potential of the core business.
5. **Rebuilding generation** by bringing asset ownership in-house and building internal capabilities to deliver a generation project in-house increasing operational flexibility.

Horizon Power's commitment to the regions it serves goes beyond just being an energy company and focusses on the contributions it can make to create sustainable, vibrant communities.

This will be achieved by ensuring every decision made and action taken is underpinned by its four guiding principles:

1. **Involving the community** by actively listening, seeking community counsel and where appropriate co-creating in the development of energy solutions to provide the best outcomes for our communities.
2. Ensuring we have a positive impact on the lives of **Aboriginal and Torres Strait islanders** by making proactive and sustainable business decisions.
3. Taking active steps to support **Cleaner, Greener** environments by reducing our carbon footprint.
4. Putting **regions first** by working with local suppliers, creating local jobs and supporting opportunities which help build thriving communities.

Guided by its values of **Safety, Integrity, Team** and **Customer**, Horizon Power will continue to push the boundaries of new energy infrastructure and technology to deliver tailored, reliable and cost effective power solutions to its customers.



## Appendix B: Key Performance Indicators

Horizon Power has reassessed its key performance indicators and revised the targets in line with current financial constraints and corporate strategic objectives. They are shown in the table below.

**Table 3: Horizon Power's key performance indicators and targets**

Critical Business Outcomes	Actual	Targets			
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Safety – Minimise the risk of harm</b>					
Lost Time Injury Frequency Rate	<b>0.0</b>	0.0	0.0	0.0	0.0
Total Number of Notifiable Incidents	-	-	-	-	-
Unassisted Pole Failure rate	<b>0.65</b>	1.6	1.6	1.6	1.6
<b>Value – Maximise long-term value</b>					
Cost to Supply Unit Cost (cents / kWh)	<b>39.2</b>	39.9	37.1	37.7	39.4
Return on Assets (%)	<b>3.99%</b>	4.09%	4.15%	3.60%	3.40%
NPAT (\$m)	<b>8.9</b>	11.5	16.9	11.8	10.7
<b>Community – Be a high-performing business</b>					
Customer Satisfaction (%)	82%*	70%	70%	70%	70%
Number of compliant systems (out of 38)	33*	33	33	33	33
System Average Interruption Duration Index – SAIDI (Minutes)	131.7*	290	290	290	290
System Average Interruption Frequency Index – SAIFI	2.1*	6.6	6.6	6.6	6.6
Major Project Completion within +/- 5% of approved budget (%)	<b>100*</b>	100	100	100	100

\* Expected to outperform against the targets.

**Table 4: Horizon Power KPI definitions and metrics**

Term	Definition	Formula	Unit
Lost Time Injury Frequency Rate (LTIFR)	Lost Time Injury Frequency Rate is a formula to provide the number of Lost Time Injuries to be sustained, per one million hours worked, over a given 12 month period.	The sum of LTI incidents sustained over the given 12 month period, divided by the sum of exposure hours worked over the 12 month period, multiplied by one million.	#
Notifiable Public Safety Incidents	A network operator must notify the Director of Building and Energy, the Department of Mines, Industry, Regulation and Safety of any incident or event that is caused, or significantly contributed to by electricity and that results in serious injury or serious damage.	Serious damage means damage to private property > \$5 000 in total or damage to a facility or property caused by a fire or explosion or the value of the damage is > \$50 000 in total.  Serious injury means an injury that is fatal or requires the victim to be admitted to hospital.	#
Unassisted Pole Failure	An unassisted pole failure:  1) is not caused by customer installation, lightning, vehicle, water ingress or vandalism;  2) occurs when the pole failed under forces that were less than its design specification.	Number of pole failures divided by 10,000 over a 3 year rolling average.	#
Cost to Supply Unit Cost	All cost associated with Horizon Power's customers divided by kilowatt hours sent out.	Includes costs to provide energy to customers, but specifically excludes business development, finance lease adjustments and interest expenses.	¢ / kWh
Return on Assets	Return to investors for every dollar of assets under the company's control.	Earnings before interest and tax (EBIT) divided by total assets.	%
NPAT	Net Profit After Tax	Does not exclude operating subsidies including Government subsidies and subsidy from the Tariff Equalisation Contribution collected from SWIS customers. EBIT minus finance charges, non-cash movements and tax.	\$M

Term	Definition	Formula	Unit
Customer Survey Rating	Customer satisfaction is measured by an annual survey, undertaken by an external agency, amalgamating customer perceptions of reliability, service quality and product offering.	Average measurement of survey response on a scale of 1 to 7 (very poor, poor, somewhat poor, neither good nor poor, somewhat good, good and very good). Horizon Power's KPI for customer satisfaction is a combination of all positive responses i.e., %somewhat good + %good + %very good, Over the last five years, overall customer satisfaction (across residents, businesses and stakeholders) has ranged between 77% and 83%. Based on recent performance trend, customer satisfaction scores of 80%-85% are classified as high-performance, and a score of over 85% would be aspirational.	%
Major project completion within approved budget	Percentage of government-approved projects that have been completed within the approved state budget.	Percentage of government-approved projects that have been completed within the approved state budget.	%



*"Contemplation"* by Mark Norval  
**Photo:** Nic Duncan **Location:** Derby