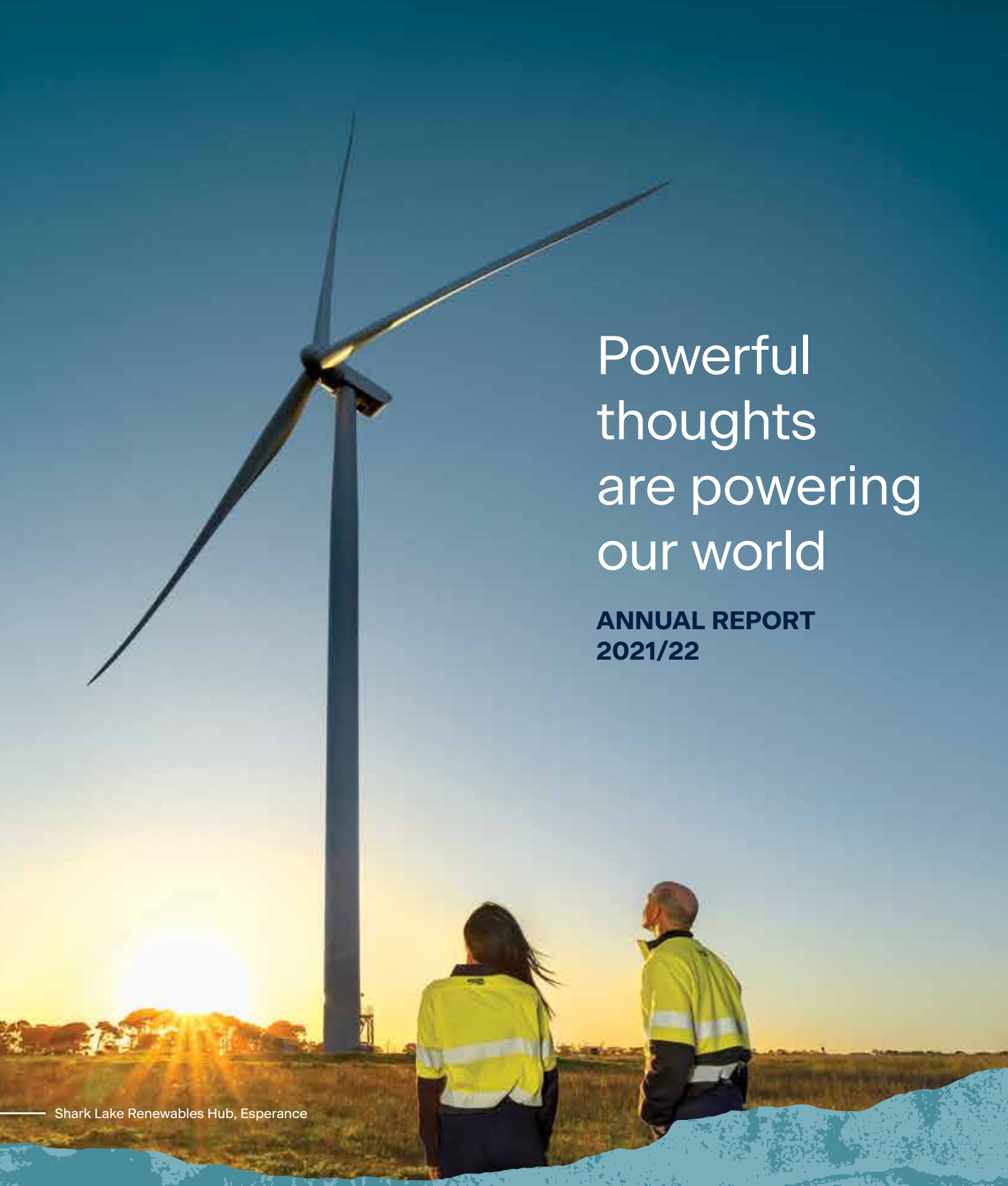
Powerful thoughts are powering our world

ANNUAL REPORT 2021/22



Shark Lake Renewables Hub, Esperance

Owned by the people of WA

HORIZON POWER

Acknowledgement of Country

We acknowledge and pay our respect to Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia.

We are privileged to share their lands, throughout 2.3 million square kilometres of regional and remote Western Australia (WA) and Perth, where our corporate office is based, and we honour and pay respect to the past, present and emerging Traditional Owners and Custodians of these lands.

We acknowledge Aboriginal and Torres Strait Islander peoples' continued cultural and spiritual connection to the seas and the lands on which we operate. We acknowledge their ancestors who have walked this land and travelled the seas and their unique place in our nation's historical, cultural and linguistic history.

Terminology

Horizon Power uses the term Aboriginal and Torres Strait Islander (and Aboriginal on future references) instead of Indigenous. Therefore, within all Horizon Power documents the term Aboriginal is inclusive of Torres Strait Islanders who live in WA.

Aboriginal and Torres Strait Islander peoples of Australia are advised that this report may contain images or names of deceased people.

Cover photo: Pacific Energy's Shark Lake Renewables Hub – a partnership with Horizon Power

Mowanjum Aboriginal Art and Culture Centre, Derby

Statement of Compliance

For the year ended 30 June 2022

TO THE MINISTER FOR ENERGY HON. BILL JOHNSTON MLA

In accordance with the *Electricity Corporations Act 2005* (WA) (the Act), I have pleasure in submitting for your information and presentation to Parliament, the 2021/22 Annual Report of the Regional Power Corporation, trading as Horizon Power.

The Annual Report has been prepared in accordance with provisions of the Act.

Yours sincerely

Samantha Tough
Chair

6 September 2022

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Broome North Primary School

About us

Horizon Power is WA's regional and remote energy provider, powered by an engaged local workforce committed to a shared purpose to deliver energy solutions for regional growth and vibrant communities.

As a vertically integrated electricity utility we operate across the full energy supply chain: generation, transmission, distribution and retail services.

We strive to ensure our customers receive safe and reliable power to their homes, businesses and communities at the lowest possible cost.

Our strategic purpose is to 'deliver energy solutions for regional growth and vibrant communities'. This reflects that, as a Government Trading Enterprise (GTE), we have both a commercial mandate as well as a key role to play in contributing to the development of WA's economy and communities.

We're leading the way by exploring new and innovative methods to develop our renewable energy capability.

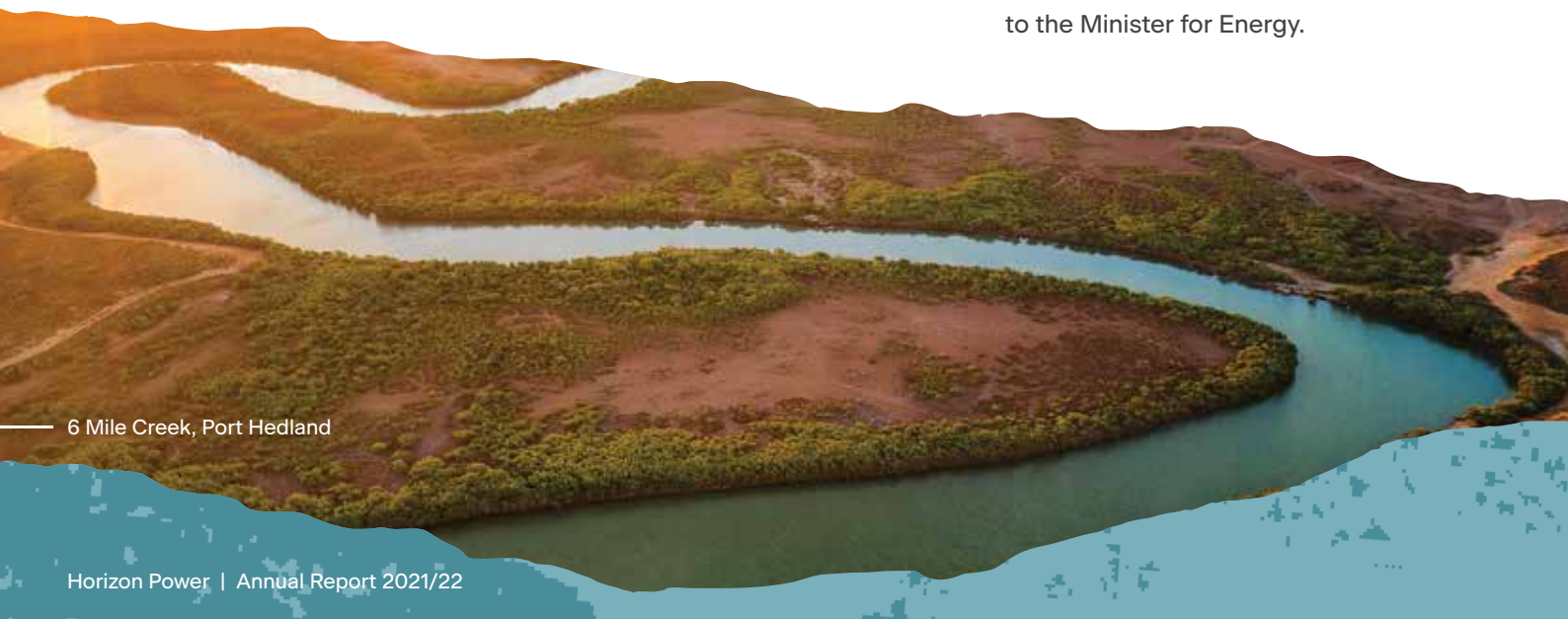
Our significant investment in technical trials enables us to provide our customers with more sustainable, affordable power and tailored solutions for their energy future.

We are responsible for the largest geographical catchment of any Australian power provider – spanning 2.3 million square kilometres. We focus on connecting deeply with our regional communities through an on-the-ground presence, fostering a culture which inspires and unites people, and demonstrating a commitment to Aboriginal peoples.

Horizon Power operates 38 systems delivering power to 46,844 residential, business and pre-payment customer accounts.

Our service area includes: the North West Interconnected System (NWIS) in the Pilbara; the connected network covering three 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. In serving these diverse customers and communities, we are a trusted partner in delivering new infrastructure, ensuring reliable supply, integrating renewables and accelerating new technology.

As a GTE, Horizon Power operates under the *Electricity Corporations Act 2005* (WA) and is governed by a Board of Directors accountable to the Minister for Energy.



6 Mile Creek, Port Hedland

Horizon Power by the numbers

46,844
total customer accounts
36,256 residential
9,165 business
1,423 pre-payment meter

56,204
distribution poles
726 transmission poles and
867 transmission towers
in service

53,655
customer connection
points to network

510
total employees

6
regional service depots
and one corporate office
in Perth

3
energy types – gas, diesel
and renewable energy
(wind, solar and hydro)

8,404 km
of overhead and
underground transmission
and distribution lines

0.54 kg
CO_2-e / kWh
carbon emissions

42
standalone power systems
(SPS) installed

1,064 GWh
electricity delivered a year

Key projects

Electric vehicle (EV) charging network*

Details: Delivering the charging infrastructure for Australia's longest fast-charging network

Customer benefits: Preparing regions for the transition to EVs

Esperance Power Project

Details: A new integrated power solution for Esperance

Customer benefits: More efficient power supply and an approximate 50% reduction in carbon emissions

Standalone power systems (SPS)

Details: Next generation solar and battery technology to generate and store electricity without the need to be connected to the overhead electricity network

Customer benefits: Safe and reliable power using renewable energy solutions

Denham Green Hydrogen Demonstration Project**

Details: Construction of the first microgrid in Australia using green hydrogen as a base load power source

Customer benefits: Potentially delivering a 100% renewable energy supply in a sustainable way while reducing annual diesel consumption and emissions for the Denham community

KEY: Energy affordability Renewable energy

*This project is supported by State Government funding.
**The project is supported by both State and Federal governments, receiving funding from the Renewable Hydrogen Fund as part of the Western Australian Government's Renewable Hydrogen Strategy and the Australian Renewable Energy Agency's (ARENA) Advancing Renewables Program.

Service areas and supply type

Our year at a glance

Rooftop solar installation, Solar Schools Program

Completed Kalumburu solar farm and battery project

delivering 65% of the community's power from renewable energy and reinvesting savings in the community

Launched new public website

delivering a more intuitive, personalised user experience

Completed inaugural

Innovate Reconciliation Action Plan (RAP)

achieving 95% of plan's targets and deliverables

Installed 18 additional

standalone power systems (SPS) with 150 more due by 2025

Opened Shark Lake Renewables Hub

delivering 50% of Esperance's power needs

Enabled installation of 11,373 kW of customer solar

a 31% increase over prior year

Recorded a 60% increase in

community engagement events

across regional WA

Achieved 0.0 Lost-Time Injury Frequency

rate for 38 consecutive months

Employees spent 134 days

volunteering in their communities, an increase of approximately 75% over prior year

Announced plans to create a

smart network in the East Kimberley region

to include our Internet of Things (IoT) Living Lab

Achieved a 7% uptick in the

‘positively engaged workforce’

ranking in annual employee engagement survey

Message from the Chair

When I joined the Horizon Power Board three years ago, I was immediately impressed by the quiet confidence, the level of talent and the commitment displayed throughout the organisation.

When I have the opportunity to speak about Horizon Power in the community, I frequently reflect on the understated way in which our people continually deliver exceptional outcomes for our customers and communities. This quiet confidence and commitment drive the 'can do' culture at Horizon Power.

As we celebrate the accomplishments of the past year, I want to personally thank our people at Horizon Power who made those achievements possible.

Meeting the evolving expectations of our customers and their communities underpins all that we do at Horizon Power. Our customers share our concerns about the accelerating impact of climate change on the environment and want a voice in the development of their future energy solutions.

I am proud that each of our team members is driven by a passion for the projects they help deliver and the opportunity to bring meaningful change to regional WA.

We are doing everything we can to meet or exceed customer expectations by delivering energy systems which incorporate increasing levels of renewables and reduced energy costs for our customers.

Horizon Power is playing a leading role in the energy transition in WA and is at the forefront of adopting renewable energy technologies in power systems across our state.

Examples of our innovation and progress this year include:

- developing our community solar product, a subscription-based renewable energy service which will launch in Esperance next year. The product addresses the current inequity for customers who cannot access renewables.
- transferring lessons and knowledge from our Onslow project in 2020/21 to inform how we address hosting capacity constraints across the rest of our systems. The trial proved our ability to overcome the technical barriers that increased renewable energy places on our networks. As approximately 60% of our networks have hosting capacity constraints, the lessons learned will be instrumental in helping us to realise our strategic goal of 'zero refusals when connecting to rooftop solar by 2025'.
- expanding our footprint in standalone power systems (SPS), through our Boundary Power joint venture. We installed an additional 18 SPS in remote properties across WA and have secured $45.8 million in funding for a further 150 SPS units by 2025. It's exciting to see us commercialising our expertise in this area, developing both standardised and bespoke SPS solutions for customers in WA and across the country.

In 2019, Horizon Power set a five-year strategy which established ambitious renewable energy goals, including a series of

Board of Directors and Horizon Power team members on a site visit in the Pilbara

"I am proud that each of our team members is driven by a passion for the projects they help deliver and the opportunity to bring meaningful change to regional WA."

stretch targets which at the time exceeded those of many operators in the energy sector.

We have refreshed our corporate strategy to keep pace with the accelerated demand for cleaner energy solutions and brought forward our focus from net zero by implementing an ambitious interim emission reduction target:

- energy affordability – enabling all customers to reduce their energy bills
- customer choice – zero refusals, enabling all customers to connect to rooftop solar by 2025
- decarbonisation – 80% reduction in carbon emissions by 2030.

As we deliver on our energy-leading projects we are also building frontier-leading skills in our workforce to deliver these innovative solutions. Horizon Power is an exciting place to work!

Increasing access to renewables across WA means we can bring positive change to the environment in our communities and towns.

Our efforts mirror what is evolving more broadly across Australia, with almost one-third of all homes across the nation now having solar panels – a higher percentage than any other major economy. Even though here in WA our reach is smaller in terms of total number of households affected, these results clearly demonstrate the difference we are making for our customers.

On behalf of the Horizon Power Board, I want to sincerely thank each and every team member for their passion, drive and commitment as without these qualities, our achievements this year simply would not have been possible. To Stephanie Unwin and her executive team, a heartfelt thank you and appreciation for her leadership and vision, creating a culture that positions us to deliver on our long-term strategy.

I also want to thank my fellow Board members who demonstrate their constant commitment and support to Horizon Power throughout the year. We also said farewell to three members of the Board this year, Kylie Chamberlain, Michael Court and Peter Oates, all of whom gave a number of years of outstanding contributions to Horizon Power. Thank you.

And finally, I'd like to thank the Minister for Energy, the Hon. Bill Johnston MLA, and the State Government for their ongoing guidance and support throughout the year.

I feel privileged to be a part of the Horizon Power team and share a commitment to raise the bar and improve the energy systems in the communities in which we live and work. It is inspiring to see our people translate our strategy into action, delivering meaningful outcomes across our state. I am excited to see what we can accomplish together in the year ahead.

Samantha Tough
Chair

Message from the Chief Executive Officer

As I look back on the past year, I am struck by how quickly the decarbonisation agenda has moved from discussions around aspirational goals to businesses establishing quantifiable targets and delivering on clear transformation plans.

Of note is that this happened amid COVID-19 and the substantial disruption it had on so many.

I am immensely proud of how agile and positive our people have been and how well everyone worked together to support our customers and communities through this period.

We recorded $10.4 million in net profit this year, down from $17 million in the prior financial year, primarily due to costs associated with operating the new and existing Esperance power stations for several months during the reliability phase, and a greater investment in projects which will deliver long-term operational efficiencies and improve safety across the business.

Total income for the year was up 3.2% due to higher energy sales from an uplift in mining activities in the Pilbara and increased tourism across regional WA. While our results were lower than in the prior year, we're confident these investments will improve future profitability.

As we focus on the future, it's worthwhile reflecting on how well our 2019 strategy has served us.

In 2019, our path was toward a greener future where we could enable all our customers to access rooftop solar.

Today, the accelerating pace of change on climate action has also accelerated our own transition. Our refreshed business strategy will ensure we deliver real change toward a greener future by 2030.

A key element of the refreshed strategy is a shift away from carbon offsets to a focus on genuine carbon reduction and abatement activities.

In June 2022, the State Government announced significant 2030 carbon emission reduction targets - sending a clear message that WA is open for investment in renewable energy generation.

Delivering on a strategy often involves bold steps which embrace uncertainty, and we've done just that with our Denham Green Hydrogen Demonstration Plant. When we announced this first-of-its-kind project in Australia almost two years ago, interest in green hydrogen as a potential fuel source was still in its infancy. However, we recognised this zero-carbon fuel was a considered - but potentially risky - proposition.

Our growing expertise in emerging technology enabled us to mitigate risks and successfully deliver this project.

We are now ready to test the capability of green hydrogen as a commercially viable, dispatchable power source in remote microgrids. For us, this technology has the potential to be an environmental game changer for many remote towns in WA as well as similar communities across the country.

In 2022, we made considerable progress toward becoming a

Shark Lake Renewables Hub
wind and solar farm

"As we focus on the future, it's worthwhile reflecting on how well our 2019 strategy has served us."

truly digital utility, an endeavour I committed to when I joined Horizon Power. It has been a significant initiative for us, and it is an exciting and gratifying change.

We've been fortunate to receive considerable investment from both the Commonwealth and State Governments to support our innovative work. The State Government's confidence in us is reflected in the $16.6 million it committed to the Esperance Power Project, officially opened in May 2022 by the Premier, Hon. Mark McGowan, and the Minister for Energy, Hon. Bill Johnston.

Partnering with Australian-owned energy specialists Pacific Energy, this project will see Esperance powered by approximately 50% renewable energy. And with an eye on the future, we designed the system to accommodate incremental renewable energy assets.

While appreciating our successes over the year, I believe it's equally important to acknowledge our challenges and where we have fallen short of the high standards we set for ourselves or our customers' expectations.

In the case of the current year, there have been times when integrating new technology into our asset base has not been as smooth as planned. This complex challenge has been further exacerbated by our 'first mover' role and the reality that we don't have the benefit or experience of learning from others in implementing such cutting-edge solutions.

It will take the concerted efforts of our workforce to guide this process and to successfully integrate new technologies into our future energy systems.

The COVID-19 pandemic continued to impact us this year and I am proud of the way our people again showed their resilience and flexibility, adapting quickly to changing circumstances including working remotely, separation of regional teams and increased public health measures.

The energy transition in WA comes with challenges as well as opportunities. In the near-term, the tight labour market impacts our ability to build our team to scale our business, adding pressure to existing team members who are already working at capacity. Still, we are committed to doing all we can to deliver solutions that improve our operational efficiency and energy affordability.

Tackling these challenges and shaping a new energy landscape for regional and remote WA is truly exciting!

I feel very privileged to work with some of the best and brightest in the energy industry at Horizon Power. They share my commitment to 'the art of the possible'. Together, we are creating an organisation where the possibilities to make meaningful change to energy access across our state are endless.

I want to thank my team members for their hard work and determination. I am confident we'll continue to build on our achievements and lead the energy transition to deliver cleaner, greener energy solutions for future generations of Western Australians.

Stephanie Unwin
Chief Executive Officer

Operational performance report

Table 1: Performance overview: critical business outcomes FY 2020/21 and FY 2021/22

Critical business outcomes	Target performance result for 2021/22	Actual performance result for 2021/22	Target achieved	Actual performance result for 2020/21	Notes to the table	For more information see page
Safety – minimise the risk of harm						
Employee safety Lost-Time Injury Frequency Rate (LTIFR)	0.0	0.0	✓	0.0	N/A	N/A
Public safety Total number of notifiable public safety incidents	N/A	14	N/A	14	1	N/A
Unassisted pole failure rate Number of unassisted pole failures divided by 10,000 over a 36-month rolling average	1.00	0.59	✓	0.65	2	Page 17
Value – maximising long-term value						
Net profit after tax ($M) Profit for the year after income tax (Target based on latest Horizon Power State Budget Forecast approved by State Treasury)	6.9	10.4	✓	17.0	3	Page 90
Cost management Unit cost to supply – unit cost (cents/kWh) (Target based on latest Horizon Power State Budget Forecast approved by State Treasury)	38.7	35.9	✓	37.4	4	N/A
Return on assets (%) (Target based on latest Horizon Power State Budget Forecast approved by State Treasury)	3.3	3.6	✓	4.5	5	N/A
Community – be a high performing business						
Customer satisfaction Survey rating (%)	>70	73	✓	77	6	N/A
Reliability Number of systems that meet reliability performance standards	33	29	✗	36	7	Page 15
System reliability and electricity delivery System Average Interruption Duration Index (SAIDI) – average total length of outages in minutes over 12 months	290	155	✓	115	8	Page 15
System Average Interruption Frequency Index (SAIFI) – average number of interruptions over 12 months	6.6	2.1	✓	1.8	8	Page 15

Notes to the performance overview table

1 **Notifiable incidents:** 14 notifiable network incidents were reported to Building and Energy division in FY 2021/22:

- two electric shocks from a steel pole with an attached defective streetlight fitting
- four fires in vegetation over 200 metres three from birds and one from a defective high voltage (HV) pole fuse
- one fire on a pole mounted low voltage (LV) fuse block
- two failures of substation equipment which could pose a risk of injury:
  - debris from a 22 kV reactor failure caused a small grass fire
  - porcelain debris from an insulator flashover in a substation
- three third parties cutting cables in the underground network
- two failures related to work practices
  - substation transformer tripped due to an undetected manufacturer's wiring error during commissioning
  - LV network cable flashover during switching program
- one unsafe consumer installation - a consumer received an electric shock from a metal gate when a network neutral termination in a pillar was found to be slightly loose.

2 **Unassisted pole failure rate:** The unassisted pole failure rate remained below the one per 10,000 poles due to our pole management strategy (additional information is provided on page 17).

3 **Net profit after tax:** Net profit after tax compares favourably to target due to higher total income, primarily from higher sales and lower finance costs offset by higher cost of goods sold and operating expenses.

4 **Cost to supply:** Compared to target the favourable variance in actual cost to supply is due to higher sales volume, resulting in lower unit costs (cents/kWh).

5 **Return on assets:** Higher actual profit compared to target resulted in a higher return on asset.

6 **Customer satisfaction rating:** A lower-than-expected result with business customers reporting less overall satisfaction than residential customers. Record summer temperatures, lengthy outages in some towns, labour shortages and supply chain impacts on business combined with general cost-of-living pressures are factors attributed to this result.

7 **Reliability:** The number of performing systems has decreased to 29 after a challenging year from generation outages and weather events.

8 **SAIDI/SAIFI:** SAIDI and SAIFI have increased slightly. The increase in SAIFI reflects generation outages affecting all customers in a town.

Providing a safe and reliable supply of electricity

Our performance (Table 1, page 13) is measured against key financial and non-financial performance indicators and targets, as outlined in our Statement of Corporate Intent approved by the Minister for Energy.

Across our service area, our customers on average experienced 2.1 power interruptions for the year. This is well within our performance target of 6.6 interruptions (System Average Interruption Frequency Index – SAIFI). The average length of interruptions increased to 155 minutes, against a target of 290 minutes (System Average Interruption Duration Index – SAIDI).

During the year, the number of performing systems decreased from 36 to 29 of our 38 systems. This is a key internal measure of our performance which takes into account both the length and number of interruptions experienced by our customers in each of our service areas. Generation outages, higher than normal lightning and storm activity in the Kimberley and wildlife interactions affected reliability in our systems at Denham, Halls Creek, Sandstone, Mount Magnet, rural Esperance, Fitzroy Crossing, Carnarvon, Gascoyne Junction and Onslow.

We recognise the impact of interruptions on our customers and the community, and endeavour to drive continuous improvement in our asset management practices and response mechanisms, should failures occur.

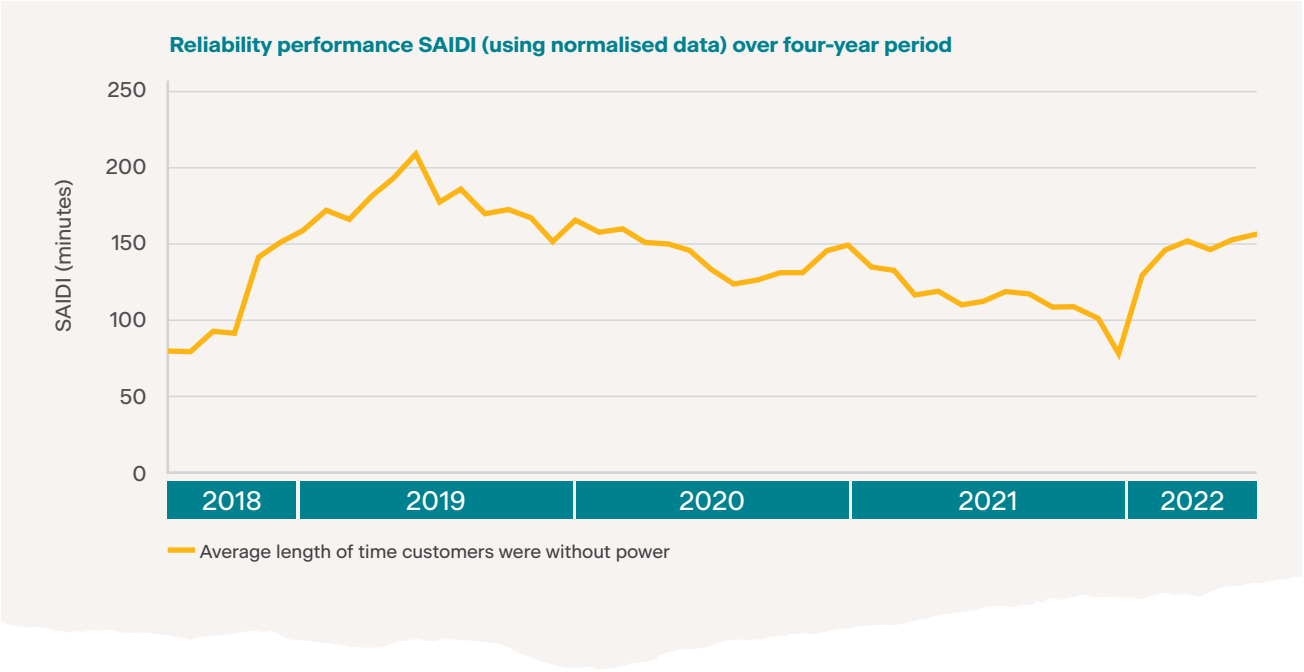
Our ability to respond quickly and cost effectively to remote system faults due to the distance between resource centres remained a challenge. Where appropriate, we have adopted alternative resourcing strategies and have now instigated advanced fault location technology and continue to investigate remote sensing and improved predictive failure mode analysis to mitigate this issue.

With a focus on safety across the business, our LTIFR key performance indicator has a target of zero. The year-to-date outcome of 0.0 represents the number of lost time injuries sustained per one million hours of work. We are very proud of this safety performance and remain vigilant and committed to the highest standards and processes to ensure the wellbeing of all our people and our customers.

We continued to see strong compliance with our Electricity Network Safety Management System (ENSMS) which provides a structured mechanism to ensure the safety of our assets and their impact on our workers and the community.

Kalumburu solar farm and battery project

Figure 1: System Average Interruption Duration Index (SAIDI) 2018/19 to 2021/22



Network assets

There was a 0.6% increase in the carrier length from the previous financial year.

The transformer capacity was increased by 20 MVA. There were 43 more transformers.

The number of distribution poles decreased by 0.2%.

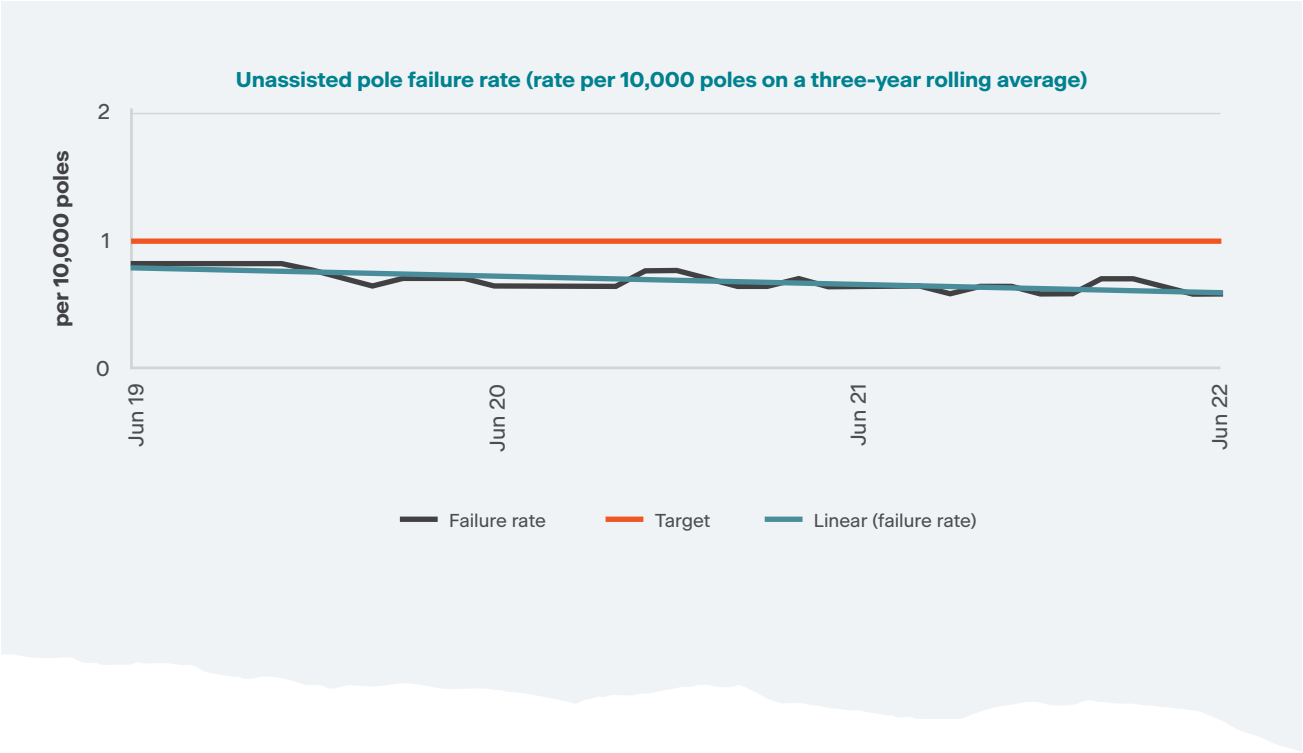
Table 2: Transmission and distribution network lines through our service area

Network type	Carrier	Length (kilometres)
Transmission	220 kV overhead	202.7
	220 kV underground	0.4
	132 kV overhead	72.1
	132 kV underground	3.6
	66 kV overhead	157.1
	66 kV underground	3.3
Distribution	High voltage 3-phase overhead	2031.8
	High voltage 3-phase underground	964.8
	High voltage single phase overhead	2777.3
	High voltage single phase underground	16.5
	Low voltage overhead	564.7
	Low voltage underground	1610.2
	TOTAL	**8404.5**

Table 3: Other transmission and distribution assets

Asset	Amount/number
Total transformer capacity	821 MVA
Transformers	4,324
Distribution poles	56,204
Transmission wood poles	0
Transmission steel poles	726
Transmission towers	867

Figure 2: Unassisted pole failure rate 2019/20 to 2021/22



Pole management strategy

We continue to enforce and refine our pole management strategy through a disciplined approach to our pole inspection, reinforcement and replacement programs. More than 11,142 poles (approximately 20% of our pole asset base) were inspected this year. Pole unserviceability rates have decreased significantly since the introduction of our pole management strategy and are now stabilised at less than 2% of poles inspected.

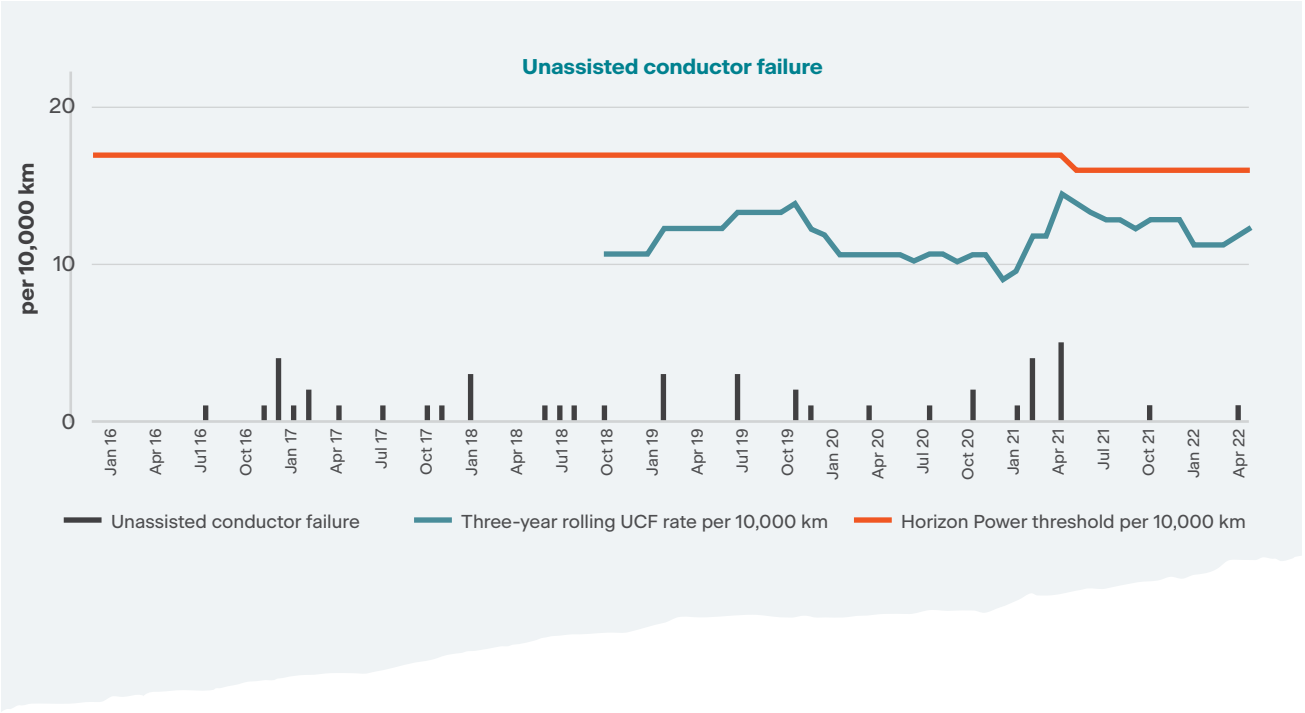
There were four unassisted pole failures for the year, one in each of the towns of Menzies, Carnarvon, Mount Magnet and Hopetoun, which is extremely low for our pole population.

There is a continued improving trend in our unassisted pole failure rate. The current unassisted pole failure rate is 0.593 which is well below the industry target of one in 10,000 poles per annum.

This performance is attributed to the application and continuous improvement of our pole management strategy.

Horizon Power has, as part of our recently introduced consumer pole risk mitigation strategy, visually inspected 4,806 consumer poles in addition to our network poles. Further non-destructive testing of these poles will be conducted progressively over the next four years.

Figure 3: Unassisted conductor failure (UCF) January 2016 to April 2022



Conductor management

National safety regulators have identified conductor (powerline) management as a major risk to electricity network businesses across Australia.

Acknowledging this risk, we have undertaken the following:

- tracking of unassisted conductor failures on the Horizon Power system. Over the last year there have been two unassisted conductor failures in Esperance
- continued execution of our 10-year risk-based replacement program, which involves the replacement of small copper conductors and is almost complete
- conductor assessments in conjunction with industry experts to manage the risk of our conductors across the network, implementing replacements in areas that were considered at high risk of failure. Work included:
  - completion of detailed audits of our Mid West conductors in Denham, Carnarvon and Exmouth
  - completion of work for undergrounding HV and replacing at-risk conductors in Denham
  - ongoing management of at-risk conductors in Carnarvon and Exmouth
  - allocating budget to replace and manage conductors in Esperance, Carnarvon and Exmouth
  - program of managing at-risk conductors on the Esperance network
  - analysing the correlation between conductor conditions and local environmental factors, such as wind direction and speed, proximity to corrosion sources, conductor age and material types.

Leading the energy transition

Electric vehicle charging

Since our inception in 2006, we have been a trusted partner to WA communities and industries — providing safe and reliable energy, delivering new infrastructure and accelerating emerging technology.

Building on this partnership, we are now transitioning our business to reduce our emissions by 80% by 2030, a fundamental goal which underpins our ‘leading the energy transition’ strategic theme.

The 80% carbon emissions reduction (abatement) is an ambitious target for Horizon Power and moves our focus away from the carbon offset discussion, placing our emphasis on genuine abatement activities and increasing access to renewable energy wherever possible.

While we recognise that both offset and abatement actions play a role in the current climate change debate, we believe our focus on abatement more closely and authentically aligns with our ‘cleaner, greener’ guiding principle and with the step-change that is occurring in customer and community expectations regarding carbon emissions.

Optimising distributed energy resources (DER) management

We've been at the forefront of the energy transition for several years, doing ground-breaking work by applying different technology solutions to support a higher penetration of customer and utility distributed energy resources (DER) assets.

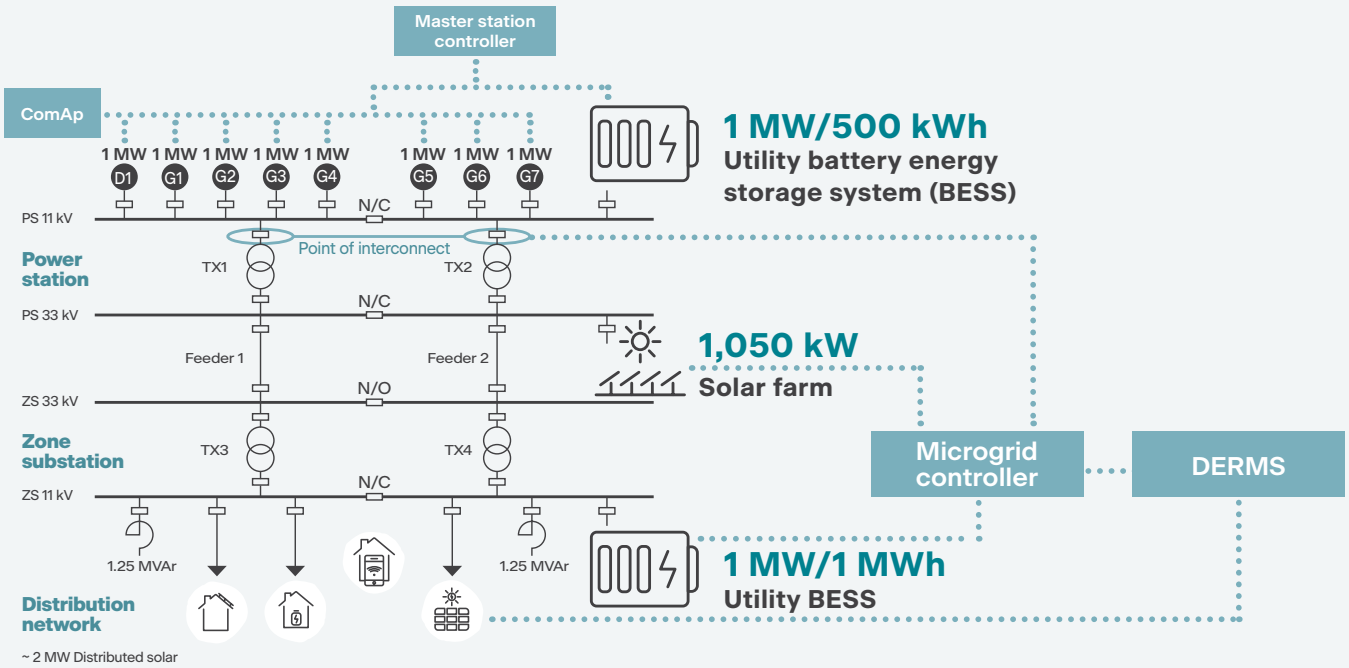
The success of our DER management system (DERMS) trial in Onslow in 2020/21 demonstrated the ability to overcome the technical barriers of increased renewable energy on our networks so more of our customers can install rooftop solar and reduce their energy bills.

The trial enabled us to successfully run a power system on 100% clean, green solar and battery power to significantly reduce carbon emissions.

With approximately 60% of our systems currently facing hosting capacity constraints, the lessons learned from our Onslow experience will enable us to realise our strategic goal of 'zero refusals when connecting to rooftop solar by 2025'.

We are now executing a plan to deploy DERMS, starting with Broome by the end of 2022, and progressively across all our other systems by March 2024. We are proud to be a leader in this advanced technology, in Australia and across the globe. We will continue to refine and optimise the introduction of renewables in our systems, while also enhancing our ability to meet future power requirements and achieve the best possible outcomes for our customers.

The Onslow microgrid



4 MW
Uninfluenced peak load

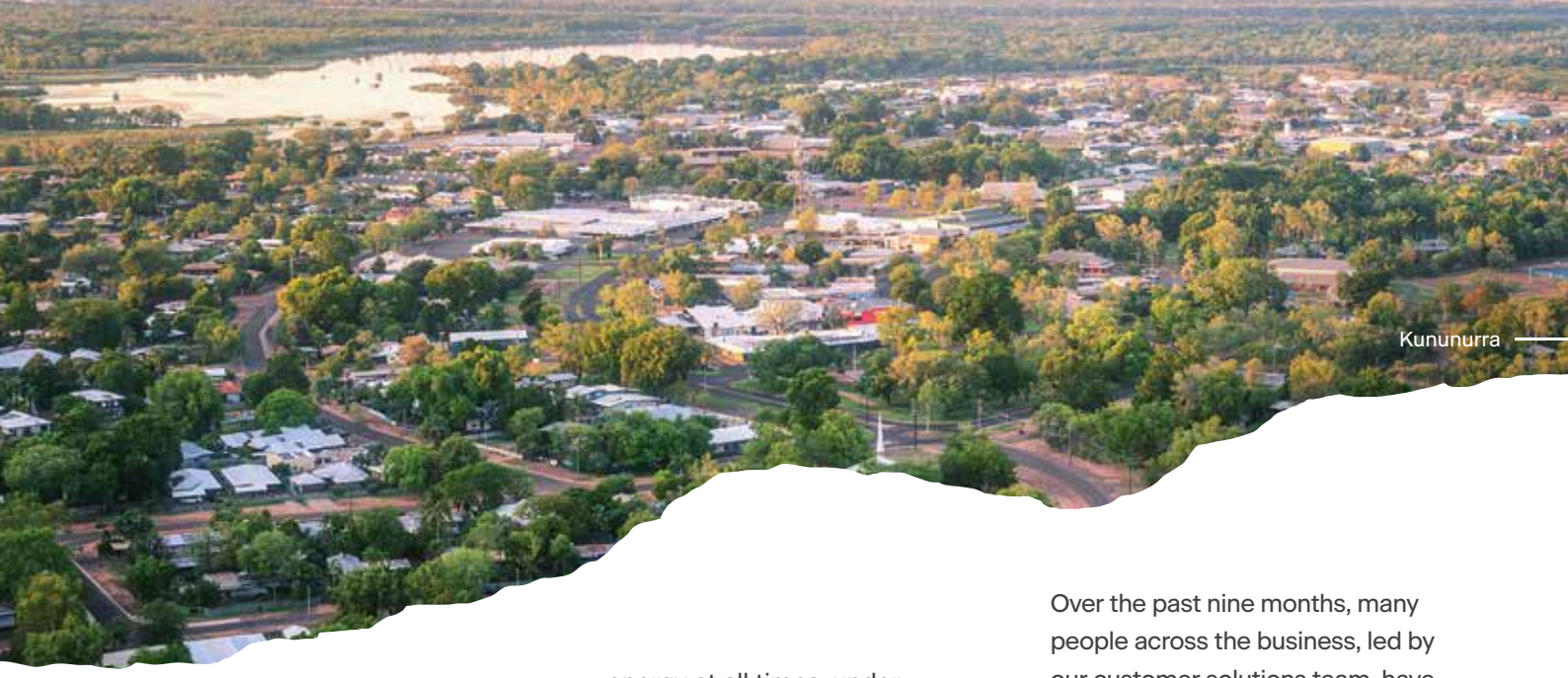
900 kW
Uninfluenced daytime minimum load

1,400 kW
Residential solar

700 kW
Commercial solar

269 Systems
Customer solar

19 Systems
Residential solar + BESS



Kununurra

Zero hydrocarbon towns

Through our Integrated Resource Planning (IRP) work, several of our communities are on track to significantly reduce their emissions by 2030.

Modelling from our work in Exmouth shows that we can achieve 80% renewable power in some communities. However, we recognise that the last 20% is likely to be challenging — both in terms of capital investment and the complexities involved in creating a reliable and stable supply of energy when natural resources such as the sun or wind are not available. We're learning from Onslow in this area, relating to both renewable energy penetration and the operational technology required to meet our 100% renewable goal.

We are pleased to share that Kununurra is powered by 100% hydro power under normal operating conditions, and we have proudly committed to deliver our next zero hydrocarbon town by 2025. This will enable another Horizon Power microgrid to be powered by 100% renewable energy at all times, under normal operating conditions.

To identify the most suitable location, we have assessed the feasibility of transitioning each of our towns to 100% renewables and established a shortlist for further project development.

Our work in this area will build internal capability and provide a template we can replicate across other towns as we look to further decarbonise our systems without compromising supply reliability.

Esperance community transitions from reticulated gas

When the Esperance Gas Distribution Company (EGDC) announced in September 2021 that it would cease supplying reticulated gas to Esperance in March 2022, the WA Government turned to us to provide a continued safe and reliable energy supply for the community. As a first step in the Esperance Energy Transition Plan, we executed an agreement with EGDC to secure a 12-month extension for the supply of reticulated gas under the same retail pricing terms and conditions for existing gas customers.

Over the past nine months, many people across the business, led by our customer solutions team, have collaborated to develop a longer-term energy solution for Esperance.

We're working closely with 379 residential and business customers to manage their transition from reticulated gas to an alternate energy source – electrification, liquified petroleum gas (LPG) or a combination of both.

Frequent and ongoing engagement has been instrumental in ensuring our customers have a voice throughout their transition. Impacted customers are receiving dedicated support, including:

- financial assistance for like-for-like appliance replacements
- guidance from energy efficiency experts
- dedicated phone and email support
- access to our list of licensed, registered tradespeople.

As customers benefit from reduced energy bills and help to reduce greenhouse gas emissions, we expect to see more of these transitions from reticulated gas in the years to come. Our invaluable experience in Esperance will form the basis of our future program delivery.

Electric vehicle (EV) charging network

The WA Government is creating Australia's longest EV fast-charging network by installing charging stations at 49 locations across the state. We're collaborating with Synergy to deliver the required charging infrastructure – with the first of 98 stations expected to be operational in early 2023.

These fast-charging stations are the first step in reducing the barriers for EV use across our vast state. While the short-term commercial gain is limited, we are committed to supporting the uptake of EVs and are looking at further strategies to incentivise their use.

Understanding the impacts and benefits of EVs within the context of our microgrids is critically important.

We have plans in place for a vehicle-to-grid trial, which will help us gain insights into how EVs and smart chargers can play a pivotal role in future energy systems. Additional work will involve developing tariffs to encourage vehicle charging during off-peak times so our microgrids can support EVs once they are more widely in use.

While the current level of EV ownership in regional WA is minimal, we recognise the need to prepare for increasing EV mobility across the state and are committed to supporting the State Government's priority of significantly reducing carbon emissions by 2030.

WA EV charger map

Intended charging station locations as part of the WA Government's EV fast-charging network

These fast-charging stations are the first step in reducing the barriers for EV use across our vast state.

Energy affordability in a challenging environment

We are committed to providing products and solutions that will enable our customers to reduce their energy bills over time.

This places our customers firmly at the centre of everything we do and aligns with our guiding principles and our commitment as a signatory to the national Energy Charter.

We're acutely aware of the increasing cost-of-living pressures our customers face and realise that energy bills are a major contributor. Despite the Uniform Tariff Policy, northern WA's climate drives substantially higher energy consumption, resulting in electricity bills which often run 70-90% higher than the rest of the state.

We aim to do what we can to ease this financial burden across regional WA while working hard to identify innovative solutions to address energy affordability.

In partnership with Energy Policy WA, we launched the Household Energy Efficiency Scheme (HEES) in November 2021. HEES is part of a WA Government initiative aimed at reducing power costs by improving energy efficiency for our most vulnerable customers. Together with our regional non-government organisation partners, we're currently trialling home visits to conduct energy efficiency assessments and energy coaching discussions with this customer segment.

The HEES program is primarily educational, with our customer relationship officers working closely with our most vulnerable customers to regularly assess and review their energy use. Ongoing coaching then aims to reduce household energy debt over time.

A limited number of customers in South Hedland participated in the discovery phase of the program, with positive results. The program is now being extended to include customers in Broome, Kununurra and Carnarvon.

Our prepaid power product provides an option for customers seeking to take control of their power costs by managing and budgeting for energy use on a pay-as-you-go basis.

Using our Horizon Power mobile app, customers gain more control and visibility over their power usage which minimises bill shock and provides the ability to purchase power where and when they like.

There is no fee for customers to move to prepaid power and no lock-in contracts, so customers can revert to post-paid power at any time. Customers may also recharge their meters by making cash payments at more than 20 local and regional-based recharge operators who are authorised to on-sell power credits on behalf of Horizon Power.

Originally launched in several of our remote Aboriginal communities, the appeal of the product has enabled us to expand the program to nine towns.

HEES customers and Horizon Power team member in South Hedland

Horizon Power app


Horizon Power pay-as-you-go meter

We'll continue to roll this out across our network, allowing more of our customers to have control over their energy costs.

Improving access to solar in regional WA

Later in 2022, we will commission our first community batteries in Broome, delivering on our commitment to improve customer access to solar energy and help customers reduce their energy costs and carbon emissions.

This new energy storage solution allows excess energy generated by rooftop solar in Broome to be stored in the batteries, thereby smoothing the cross-flow of energy between homes and the network and improving the stability of power supply.

The stabilising function of the community batteries enables more residents to participate in rooftop solar. The batteries will facilitate more than 1,400 kW of hosting capacity, which was released in early February.

The new release was exhausted in just 15 minutes, demonstrating the growing appetite for rooftop solar in our communities.

We'll build on this community battery foundation with the introduction of a new solar smoothing service for business customers who install more than 30 kW of rooftop solar. Currently, customers seeking to install more than 30 kW of rooftop solar require feed-in management systems including their own smoothing battery.

This requirement protects network stability by preventing the excess solar energy generated from feeding back into the grid and disrupting supply. Our monthly subscription-based solar smoothing service makes it easier for businesses to access solar energy and avoid the expensive up-front costs of purchasing, installation and ongoing maintenance costs of their own smoothing batteries.

Additionally, we're launching a community solar product in the coming year which is a subscription-based renewable energy service for our residential customers who are unable to access conventional rooftop solar.

This product addresses the current inequity for customers who cannot access renewables, and will launch in Esperance next year. We plan to review opportunities to extend this new product offering to other towns with Horizon Power renewable farms.

Community battery ready for installation in Broome

Campaign messaging supports energy efficiency

To support our goal to help customers reduce their energy costs, we delivered several programs and initiatives this year focusing on energy efficiency, understanding energy systems and practical energy coaching support.

Campaigns included:

- **energy saving measures** - energy efficiency tips and advice delivered via our Horizon Power mobile app and website
- **hosting capacity and solar release -** raising awareness of potential solutions to enable more customers to connect to solar, including a complete rebuild of the online renewables application process to improve service delivery for customers and solar installers
- **Bright Horizons -** helping regional students foster an interest in and understanding of renewable energy through science, technology, engineering and mathematics (STEM) content developed in collaboration with the Science Teachers Association of WA.

Horizon Power energy saving tips poster

Behind the scenes: filming a television commercial in the Esperance region for our 'Powerful thoughts are powering our world' campaign

CASE STUDY

Integrated Resource Planning (IRP)

Working with our communities to create cleaner, greener future energy systems

Horizon Power is committed to delivering reliable and safe power to our customers. We use our IRP framework to engage with regional communities to determine long-term energy solutions that aim to reduce energy costs and deliver a higher percentage of renewable energy for our communities.

The IRP process involves early engagement with a wide range of stakeholders as the foundation for a more collaborative path to decision making. We consider all aspects of a community's power system, including land availability and existing power infrastructure to ensure solutions are better aligned with the unique characteristics and interests of each community.

Location

Exmouth (Gascoyne/Mid West)

Estimated completion date

June 2024

Project overview

In October 2020, Exmouth became our first community engaged in planning long-term energy solutions for regional WA.

The town has a strong and positive environmental culture reflecting its location in a UNESCO World Heritage Site with a local community keen to be seen as a leader in renewable energy.

Several themes emerged during early engagement including:

- the community wants to see increased renewable generation options with solar, wind, batteries or other technology incorporated
- energy solutions need to be well considered, including long-term impacts, lifecycle costs and cyclone conditions
- residents expressed a clear desire to move away from reliance on compressed natural gas (CNG).

In October 2021, we presented our plans to the community for a high renewable energy system in Exmouth, with 80% renewables to be delivered under the new future energy system. The plan includes a solar farm and large battery for energy storage, and thermals to ensure continual access to a safe and reliable power source.

The proposed new system will replace eight CNG and two diesel generators while displacing around 9,000 tonnes of annual greenhouse gas emissions.

The project has now entered the implementation phase which includes a return to market for design and final generation solutions, commercial negotiations, approvals and land acquisition.

What this project means for the Exmouth community

"Living in Exmouth, we are able to see how Horizon Power is keeping us up to date on the emerging renewable solar and wind options for Exmouth. A trial at the golf club is underway and there has been community consultation on the future developments."

— Exmouth customer

Other IRP projects

Using our IRP framework, we are currently engaged with another 16 communities across regional WA, gathering valuable customer and community insights so we can assess the delivery for their future energy needs. These systems cover diverse communities in the Kimberley, Mid West and Esperance/Goldfields region.

We are assessing the future energy systems of Cue, Meekatharra, Mt Magnet, Sandstone, Yalgoo, Wiluna and Gascoyne Junction in the Gascoyne/Mid West; and Laverton and Menzies in the Esperance/Goldfields region, for a transition to high penetration renewables, including a zero carbon town.

Exmouth foreshore

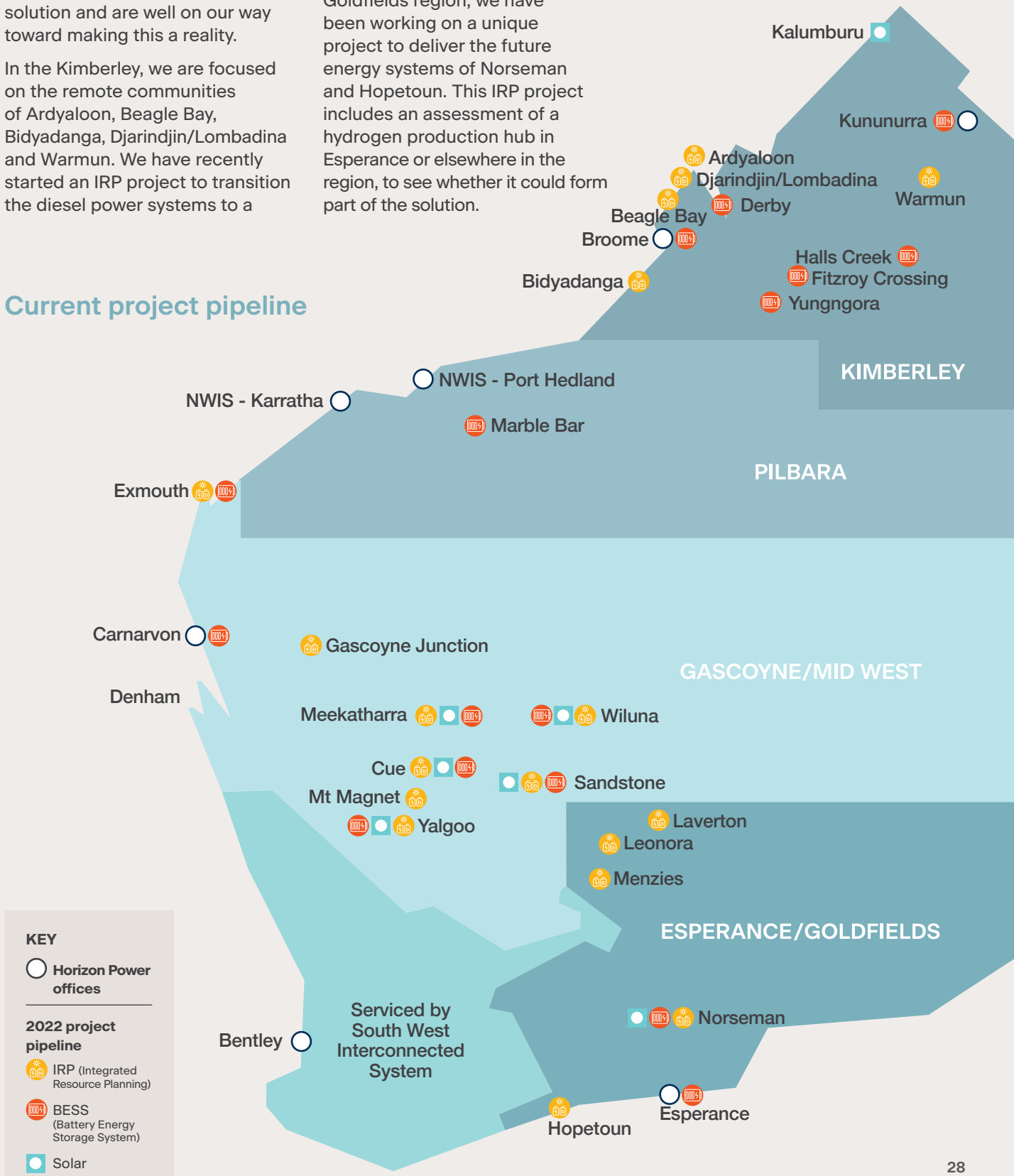
Engaging with the Exmouth community

We have met with the shires and communities, assessed the potential generation options and identified land for the future solution and are well on our way toward making this a reality.

In the Kimberley, we are focused on the remote communities of Ardyaloon, Beagle Bay, Bidyadanga, Djarindjin/Lombadina and Warmun. We have recently started an IRP project to transition the diesel power systems to a renewable future, with the current focus on critical land assessment.

Finally, in the Esperance/ Goldfields region, we have been working on a unique project to deliver the future energy systems of Norseman and Hopetoun. This IRP project includes an assessment of a hydrogen production hub in Esperance or elsewhere in the region, to see whether it could form part of the solution.

Current project pipeline



‘Serious play’ with customers leads to creative energy solutions

We’re using ‘Lego® Serious Play’ as a tool to identify customer problems and develop creative energy solutions across WA.

Our Marketing & Insights team from the Customer Experience division held four identical co-creation workshops this year – two each in Esperance and Karratha – to help us build a solid understanding of various customer energy challenges and in turn, design solutions to solve these problems. We selected these two communities as they offer different customer demographics and climate conditions.

Separate workshops were held for residential and business customers, with Lego playing a role in both settings.

The process combined both logical thinking and creative imagination to build digital, service design, user experience, marketing and product solutions that customers both want and need.

Our business customers in Karratha requested easier access to their usage data and an ability to incorporate it into their own systems, with the goal to improve energy efficiency. This request fed directly into our ongoing work on the MyAccount portal of our website.

In our residential workshops, small groups of customers worked together to create a storyboard depicting a shared energy challenge, how it impacts their lives and what we can do to solve their problem.

Renewable energy and its role in future energy systems – from both the grid and an individual perspective – was a common theme among our residential customers in the Esperance workshop.

Workshop participants expressed a keen interest in protecting their environment and supporting everyone – renters, retirees and business owners – in their journey toward affordable green energy.

We hope to host more of these co-creation workshops in the year ahead to help us identify and continue to deliver improved energy solutions for our residential and business customers.

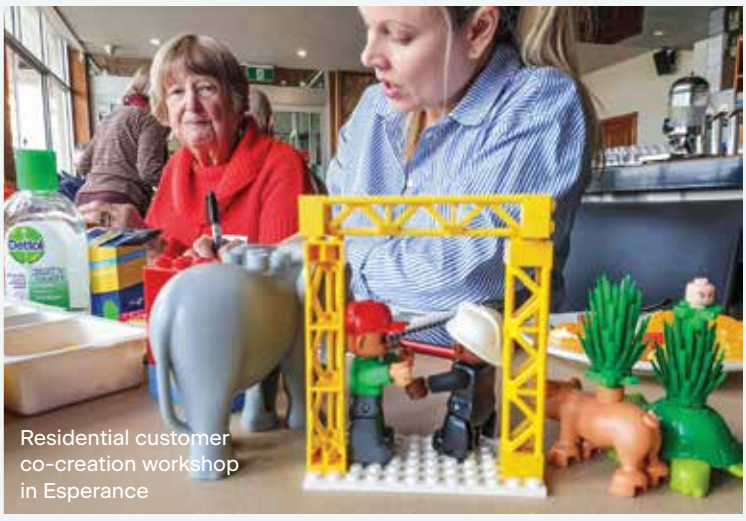
Customer co-creation and insights gathering

Understand the challenges faced when managing energy

Envision how customers want to be serviced via digital channels

Embed customer empathy

Residential workshop storyboard


Residential customer co-creation workshop in Esperance

CASE STUDY

Aboriginal Community Embedded Networks (ACEN)

Providing our communities with utility-standard operations and maintenance

Project overview

As part of the State Government's $75 million WA recovery plan, we recently upgraded the electricity infrastructure across 13 remote Aboriginal communities in the Kimberley, Gascoyne/Mid West and Esperance/Goldfields regions, improving the access to safer, more reliable power for our regional customers.

The ACEN program has standardised the electrical infrastructure - including poles, wires, green domes and underground cabling - to ensure we meet current safety and utility-grade power supply standards across all 13 local communities. This upgraded power infrastructure now provides the same level of service already enjoyed by residents living in the nearby towns.

We worked with regional contractors and Aboriginal-owned businesses to deliver this project and will continue to engage with local stakeholders over the lifetime of the networks.

Timing

Site works were completed for the 13 communities by March 2022, following various networks' ownership being transferred to Horizon Power from July 2021. This enables us to take responsibility for infrastructure maintenance, improved customer service, power affordability and outages support for these small communities.

Location

Communities included in this program are:

- East Kimberley: Emu Creek, Bell Springs, Mud Springs, Munthanmar, Koongie Park, Mardiwah Loop
- West Kimberley: Joy Springs, Karnparmi, Gillarong, Loanbun
- Gascoyne/Mid West: Woodgamia, Buttah Windee
- Esperance/Goldfields: Marmion Village.

Additional benefits

As part of the infrastructure upgrade, Horizon Power also installed 53 W LED streetlights in each community which:

- reduces the operating costs and carbon emissions associated with streetlights
- significantly improves night-time visibility
- improves road safety for both drivers and pedestrians.

What this project means to the community

Shane Skinner, a spokesperson for the Karnparmi community, said that local residents are very happy with the upgrades and new streetlights, and that the community is pleased to know they can rely on Horizon Power for customer service and outages.

> *"Now we've got the Horizon Power app, too. When we need to put credit onto our accounts, we can just go online. And the app keeps us updated on power outages and gives us all the information we need. When the power goes out, we can just sit back, be patient and wait for the Horizon Power mob."*

ACEN current supply areas

High performing organisation

Horizon Power team members at the 2021 NAIDOC Week Walk and Opening Ceremony, Broome

To become a high performing organisation, a business must continuously evaluate how to exceed customer and employee expectations.

For Horizon Power, this means we need to ensure we develop and take full advantage of the latest digital technologies, and also embrace initiatives that drive efficiencies and transform the way we work. To achieve this, we must continue to attract and retain the best and brightest in the energy sector by providing a working environment and culture that encourages ongoing professional growth.

Utility of the Future (UotF)

Our UotF strategic initiative underscores our commitment to expedite a shift to a clean energy future.

Our work over the past 18 months centred on adopting new technologies to deliver solutions that enable the energy transition.

We made significant progress on several UotF initiatives this financial year, including:

- launching our new public website in February 2022 which delivers improvements in the way we engage and communicate with our customers and communities. It is the primary way most of our customers interact with us.

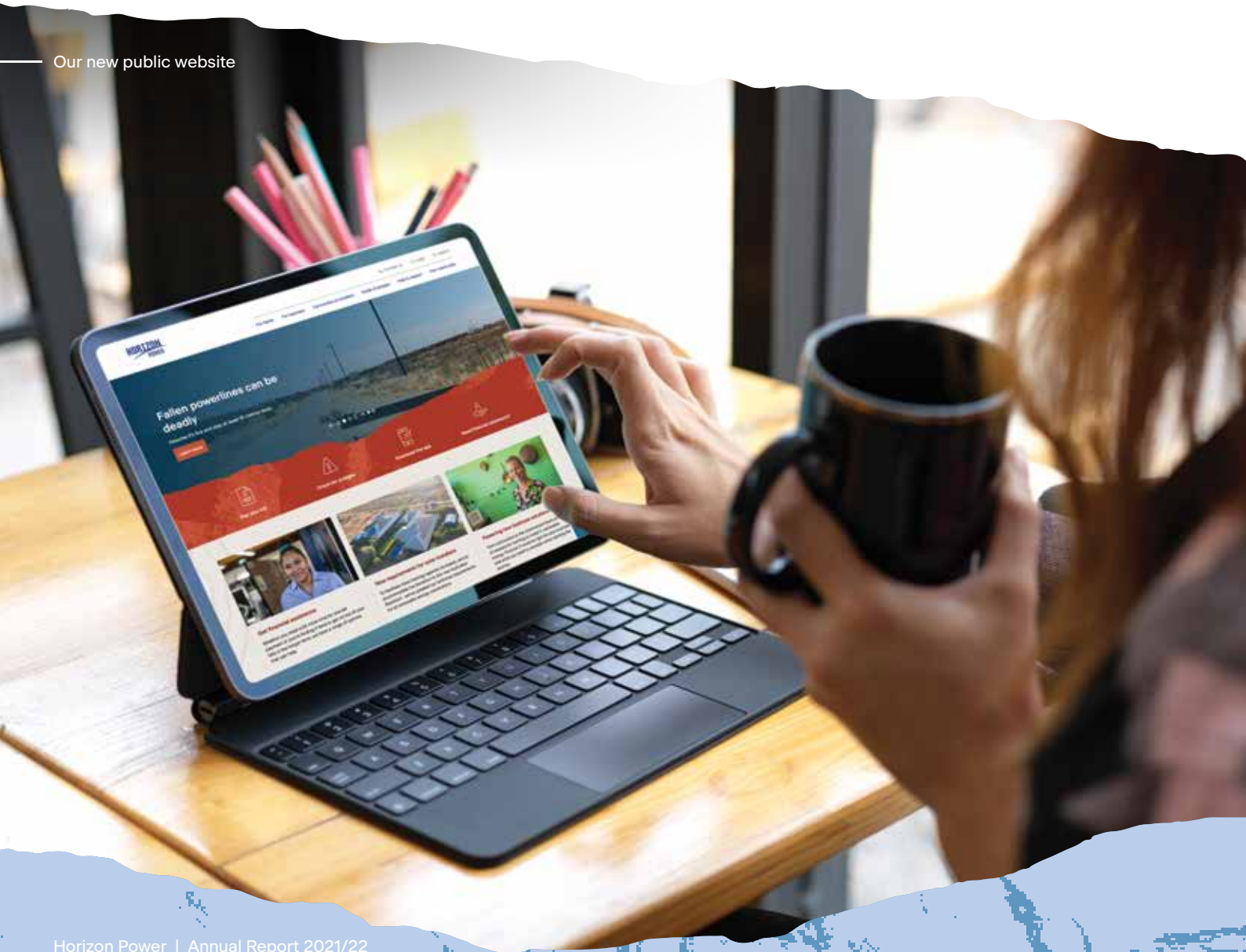
  The new website provides a more intuitive and personalised user experience. Once a customer selects their region, the website filters data so customers see relevant information first with a tailored experience on future visits.

  One of the most useful additions is the improved outages section, updated in real time, that allows customers to quickly and easily find alerts regarding planned and unplanned outages in their location.

- introducing the Renewable Energy System Application (RESA) process. RESA allows solar installers to submit applications via an online form on our new public website – integrated with Clean Energy Council data and our core systems.

  Cross-divisional teams now have clear visibility of the status of every application submitted, as do customers and solar installers throughout the application process.

Our new public website



- the Grid Planning Portal (GPP) provides a geospatially centric platform for our planning engineers, analysts and operational staff to navigate and plan the development of power systems. This tool provides impact analysis of projected demand and energy, solar connections, EVs and renewable resources on the system.

  Connected to RESA, the GPP assesses whether we can accommodate new renewable connections, giving real-time assessment, rather than taking weeks to manually assess and process paperwork.

- introducing our new Procurement Information and Supply Management (PRISM) system, which is digitising our end-to-end procurement and supply chain activities and offering more intuitive, easy-to-use solutions for our people. PRISM will help us migrate procurement to an efficient single platform where employees can access both historical and real-time data, supporting all aspects of vendor and contractor commitments.

  Access to this type of supplier information supports our commitment to the Clean Energy Council's industry-wide pledge against modern slavery, by enabling us to establish and enhance ways to detect modern slavery in our supply chain.

Alongside our work on PRISM, we launched our first Supplier Code of Conduct which defines our minimum required standards of conduct for our suppliers, including our commitment to eradicating modern slavery. We aim to partner only with organisations that share our ambition and values - businesses whom we can trust to provide mutually-beneficial outcomes which deliver great things for our people, our customers and the WA communities in which we operate.

Network assets in Carnarvon, highlighted by HV and LV feeder, as depicted in the GPP

Operations Evolution

Our Operations Evolution program, an essential component of our UotF efforts, is helping us modernise and improve how we invest in, operate and maintain our assets.

In turn, this capability enables us to create a better employee experience, support our communities and grow a sustainable business. Our Operations Evolution efforts this year included:

- signing a three-year partnership with Enzen Australia to deliver infrastructure and technology to create a smart network in the East Kimberley region. Our Internet of Things (IoT) Living Lab will be rolled out across Lake Argyle, Kununurra and Wyndham, creating a digital environment to improve asset management and maintenance.

The Living Lab will deliver real-time situational awareness of our assets via a network of sensors, helping us closely monitor the status and performance of key assets as well as evaluating environmental factors.

For example, our crews will receive early fault detection alerts, allowing us to quickly dispatch teams to the required location, eliminating our current reliance on manual line patrols to identify issues.

This access to real-time data will help us improve safety, grid reliability, resilience and security.

- establishing a Geospatial Intelligence platform which will provide a more holistic approach and a single source of truth for the visualisation of asset data. We're using light detection and ranging (LIDAR), high-definition photography and satellite data, machine learning and artificial intelligence to monitor our assets, gain real-time data insights and enable proactive maintenance.

Such information is invaluable in our emergency planning and scenario modelling around floods and other extreme weather-related events, helping us improve asset management and the safety of our people and our communities.

Horizon Power team members next to a chartered helicopter, used for aerial surveillance of power sytem infrastructure

- beginning the implementation of the SmartWorks project, which focuses on enhancing asset management, works management and field mobility by establishing consistent and effective ways to plan, manage and deliver work across all regions and asset types. SmartWorks will enhance our ability to track and closely monitor the delivery of work, proactively identify and manage constraints, collect appropriate data on asset condition, and support analysis that drives our asset maintenance and renewal strategies and investment program.

Developing skills for the future

As we continue to lead the energy transition across our state, we're excited to provide our people with the opportunity to work on innovative, and in some instances, world-leading projects.

Given the rapid pace of change in the energy industry and competition from an increased number of companies expanding into renewable energy, it's often difficult to source qualified candidates whose skill sets align with the expansion and emerging technologies in our business.

Accordingly, we're developing the required new skills of our workforce by providing our people with unique in-house professional development and training opportunities.

Through these opportunities, our employees gain the knowledge and expertise required to undertake emerging roles, thereby providing opportunities for development and internal promotion.

Leadership development

We continued our commitment to developing our leaders over the last year, with two core programs including:

- the 'Leading for High Performance' 12-month program for our senior leaders which concluded in November 2021
- investing in the ongoing development and future success of our high achievers by launching an 'Emerging Leaders' program.

Both programs addressed the following essential leadership skills:

- improving our safety culture and creating a psychologically-safe workplace
- leading effective teams through a peer learning group
- building awareness of different leadership styles and how to develop and articulate a clear vision for teams
- developing collaboration skills through shared leadership experience and lessons learned.

Drone using LIDAR to collect asset information

Aboriginal engagement

We held our second annual Aboriginal Employee Forum in Esperance in October 2021. In addition to a powerful On-Country experience, the forum provided an opportunity for employees to participate in important conversations around retention, employee engagement and racism in the workplace.

Building a sense of community among our Aboriginal employees helps improve employee experience, increases retention rates and helps us achieve our employment goals outlined in our Reconciliation Action Plan (RAP).

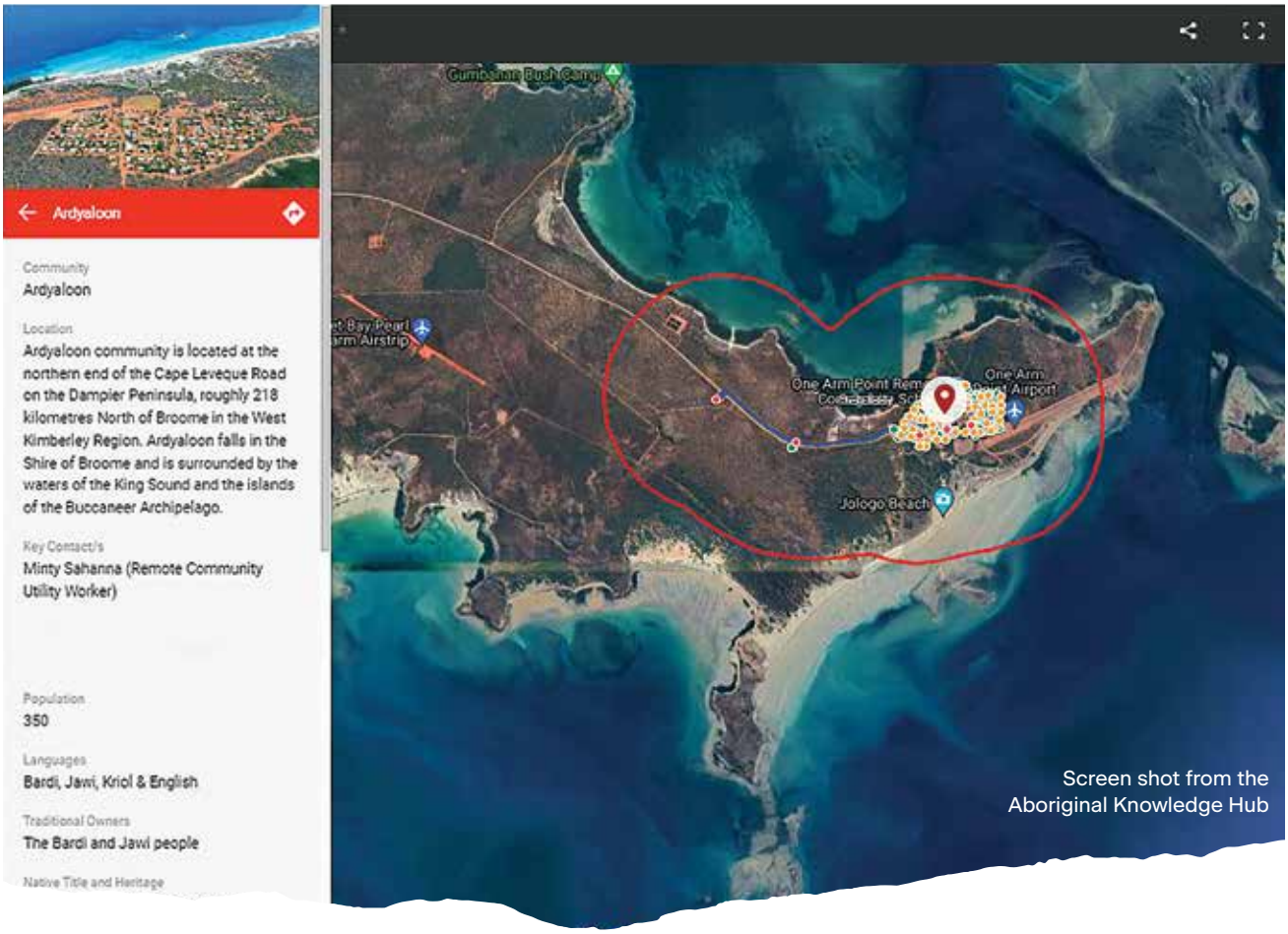
Paul Melville, one of our Esperance-based team members, reflected on the significance of the event:
"The forum to me is really important because it helps us develop relationships with different people from different areas and gives us all a chance to come together. It doesn't matter who you are, where you're from, everyone gets together, discusses the issues, gets to know each other and builds stronger relationships."

Aboriginal university interns

We continued our partnership with CareerTrackers this year, a non-profit organisation that aims to increase representation of Aboriginal graduates in professional employment.

We've been fortunate to provide placements for five interns over the past two years, helping students gain real-world experience through 12-week internships. One of our interns was instrumental in creating our recently-launched internal Aboriginal Knowledge Hub.

Aboriginal Employee Forum, October 2021



Screen shot from the Aboriginal Knowledge Hub

The Hub contains a wealth of essential cultural information on Traditional Owners, remote community entry requirements and individual profiles of Aboriginal communities throughout WA.

Reconciliation Action Plan (RAP)

We concluded our inaugural Innovate RAP in March 2022, achieving 95% of the plan's targets and deliverables. Our Innovate RAP was delivered across two years, laying critical foundational work to position us for long-term success in the reconciliation space.

We are currently finalising our next RAP which will move us further along our reconciliation journey.

Our RAP highlights include:

- more than 85% of our people completed Cultural Foundations training
- our Manager, Aboriginal Engagement & Strategy is now a member of our senior leadership team
- three customer service officers were onboarded, transitioning from an outsourced model to employment contracts
- development of three partnership agreements with Aboriginal organisations (Ngarluma Aboriginal Corporation, Nirrumbuk Aboriginal Corporation and Generators & Off-Grid Energy Pty Ltd and H&M Tracey Construction Pty Ltd.
- four On-Country cultural immersions were held for our employees in Kununurra, Broome, Port Hedland and Esperance.

Although we made significant achievements in our first Innovate RAP, we have more work to do to ensure strong and meaningful engagement is embedded in our processes. This will enable us to achieve key outcomes in engagement, employment, training and procurement.

Employee engagement results at a glance

86%
response rate

+7%*

68%
positively engaged workforce

+2%*

53%
high performance

Leadership

Senior leaders **76%*** (+5%)
L2 leaders **70%*** (+7%)

+9%

75%
collaboration

* Increase from 2020 engagement survey results

Engagement survey provides a voice for all

We canvassed our employees for opinions and feedback via our annual employee engagement survey in September 2021.

This is an important and highly-effective tool to help us continually improve our culture and progress the journey to becoming a high performing organisation.

For the second year in a row, we measured our employee engagement across several dimensions by evaluating three key behaviours: say, stay and strive.

We had a strong participation rate of 86%, with 68% of the workforce stating they were engaged positively, representing a healthy 7% increase over prior-year results. Senior leadership received high marks from across the business, with 76% of survey respondents rating senior leadership positively, a 5% increase over the prior year.

The candid feedback received is invaluable to help inform us on job satisfaction, what is working and where we can make improvements to positively influence our workplace and culture.

Shining Stars celebrates employee achievements

Our people are our biggest strength. To celebrate their achievements, and as a direct result of feedback received in our 2020 employee engagement survey, this year we launched our Shining Stars Awards.

The key to a united and inspired culture is having opportunities in place to recognise and reward our high performers, and our new awards program supports this ambition.

At our first Shining Stars Awards night, held in Karratha in November 2021, we celebrated outstanding employees across seven categories, including four linked to our values:

- Safety
- Team
- Integrity
- Customer
- Emerging Leader
- Regional Hero
- CEO Gilbert

We received more than 120 nominations, highlighting the strong talent we have in our organisation. The 2022 Shining Stars Awards night will be held later this year in Perth.

Shining Stars Awards night, November 2021

Volunteering day for Horizon Power team members, Port Hedland

Diversity and inclusion

We directly employ 33 Aboriginal people which represents 6.5% of our workforce. We have a clear goal to achieve 7% representation in our workforce, as part of our second Innovate RAP 2022-2024.

We remain focused on indirect opportunities through supporting Aboriginal businesses, contractors and suppliers, and by providing work experience opportunities through targeted sponsorships such as Shooting Stars and Kimberley Girl.

Both the executive team and the Board are gender-balanced.

Strategies to increase gender-balanced representation include:

- promoting shortlists of diverse candidates for key roles
- providing acting and secondment opportunities in leadership and operational roles to build talent pipelines
- promoting networking opportunities and celebrating events such as International Women's Day across our business.

We also have a focus on gender diversity in non-traditional roles, such as engineering.

People with culturally and linguistically diverse backgrounds make up 24% of our workforce.

Mature workers (50 years and older) make up 33% of our workforce, and we continue to build the representation of youth through the expansion of our graduate and undergraduate programs.

Our commitment to building a diverse workforce is outlined in our Equal Employment Opportunity Management Plan, Innovate RAP and Disability Access and Inclusion Plan (DAIP).

Table 4: Female representation FY 2021/22

Female representation	End June 2021		End June 2022	
Board	5/7	71%	5/7	71%
Executive	4/7	57%	4/7	57%
Senior management	13/35	37%	12/40	30%
Horizon Power total	149/464	32%	159/510	31%

Developing an accessible and inclusive community

In line with our DAIP 2019–2024, we continue to provide information, services and facilities that are easy for all customers, employees and communities to access.

Our progress this year includes the following:

- with the refurbishment of existing depots and the creation of new depots in regional locations, we have ensured that accessibility standards were met during the planning and design phase.
- we continue to use Kriol in our radio advertising on Aboriginal community stations and we have also engaged the services of VideoAsk, an online asynchronous video survey tool that engages with Aboriginal customers to gather insights on a range of topics. The survey is available by reading text in English, listening to a local person ask the questions in Kriol or English, or by interacting with an Aboriginal person through video.

About our people

- 510 employees (498.2 full-time equivalent)
- 31% female
- 6.5% Aboriginal
- 24% culturally and linguistically diverse backgrounds
- 1.2% with a disability
- 1.8% youth (under 25 years old)
- 36% regionally based (184 employees)

Depot/office	# of Employees
Broome community	1
Nila Janyba, Broome	5
Broome	24
Carnarvon	28
Esperance	42
Karratha	35
Kununurra	21
Mungullah Power Station	8
Onslow	1
Port Hedland	19
Grand total	**184**

Aboriginal Employee Forum, Esperance

Broome

Delivering our Safety, Health and Wellbeing Strategy

We refined our Safety, Health and Wellbeing (SH&W) Strategy this year, building on our strong safety culture and incorporating a new focus on wellbeing.

We launched our new wellbeing program – Illuminate – in September 2021, which comprises three pillars: energise (physical wellbeing), enlighten (mental wellbeing) and enjoy (general wellbeing). Illuminate is designed to meet the needs of our diverse workforce, regardless of a team member's role, demographic or location.

We've seen strong participation in the monthly programs, each aligned to one of the Illuminate pillars. Recent offerings included seminars on men's and women's health, family finances and nutrition, as well as fundraising efforts in support of Movember and R U OK? Day.

The Illuminate program also incorporates the recently-expanded Employee Assistance Program, with access to four new services:

- nutritional support/consultation
- individual exercise support/consultation
- financial support/consultation
- legal support (family and property law matters).

Results from our first mental health audit, completed earlier this year, will help shape our future Mental Health Strategy and action plan.

Following the launch of our critical risks program last financial year, we continued to embed and elevate the program across the organisation. Critical risk working groups have been established, creating a strong understanding of each risk and the critical controls associated with each risk.

Understanding and effectively managing our critical risks is vital so that our people go home from work safe and well every day.

To improve communication and consistency among our regional safety teams, we moved our regional and project safety advisors into the SH&W team this year, creating a centre of excellence and centralising our SH&W efforts within the business. The new structure will facilitate sharing lessons and information across our regions, as we shift our vision from a compliance-driven model to one that focuses on empowering our people to take responsibility for their safety in a unified manner.

CASE STUDY

Safety Health & Wellbeing (SH&W)

Centralising regional safety roles increases collaboration and information sharing to develop best practice protocols

Incident overview

When an interaction with a disgruntled community member turned aggressive at our temporary Kununurra retail office earlier this year, our SH&W team saw it as an opportunity to learn from the experience. So, together with the regional Customer Experience teams, they identified and implemented enhanced safety best practices across our regional footprint.

While none of our team members were directly threatened during the incident and no property was damaged, the situation highlighted several areas for improvement.

What we learned

A post-incident investigation uncovered the following gaps in our emergency procedures:

- differences in emergency response plans and emergency scenario training across retail sites
- current emergency procedures did not address personal threat emergencies or lockdown protocols
- retail office staff were not equipped with response options for events of this nature
- inconsistencies in the type and location of installed duress alarms
- de-escalation procedures not included in standard training for customer service staff
- varying levels of protection offered by security barriers separating staff from customers.

Moving our regional safety officers into our SH&W team earlier this year meant we could efficiently and easily share information across the regions, and this helped to identify inconsistencies between each of our retail sites. The team created a 'pulse check risk assessment' tool to guide our customer and community managers to assess the level of control each site has regarding security and emergency management.

The consolidated results from this effort led to a list of immediate actions and longer-term strategic initiatives to ensure all retail sites have adequate controls in place to keep our people safe. These include:

- establishing standards for customer service roles relating to security, and upgrading all sites to align to this standard
- designing an emergency response plan for personal threat scenarios and training staff on how to de-escalate in threatening personal situations
- reviewing our emergency management plans for all locations and determining requirements for various threat scenarios, including fire and medical emergencies.

What this means for our people

Ryan Dwyer, SH&W Delivery Lead, reflected on the positive outcomes that developed from this unexpected interaction with a community member.

"Bringing our regional and project safety advisors into our SH&W delivery team has allowed us to come together as a team, share information and collaborate to achieve solutions that best fit all our regions. This experience demonstrates how we can roll out an initiative and apply it across our regions to ensure all our people have access to the same information and resources. We are pleased with the new controls to help keep our people safe."

Horizon Power team member assisting a customer in our Kununurra depot

CASE STUDY

Renewable Energy System Application & Assessment (RESA) tool and Grid Planning Portal (GPP)

Delivering on our commitment of zero refusals when connecting to rooftop solar by 2025

Project overview

Our strategy to lead the energy transition in regional WA includes zero refusals when connecting to rooftop solar by 2025. However, prior to this financial year, it could take us 10 or more days to assess our customers' solar applications. Due to the decentralised nature of the process – including multiple spreadsheets and responsibility dispersed across various tools and teams – the process was overly complicated and time consuming.

To address this often lengthy and complex process, we developed the RESA and the GPP.

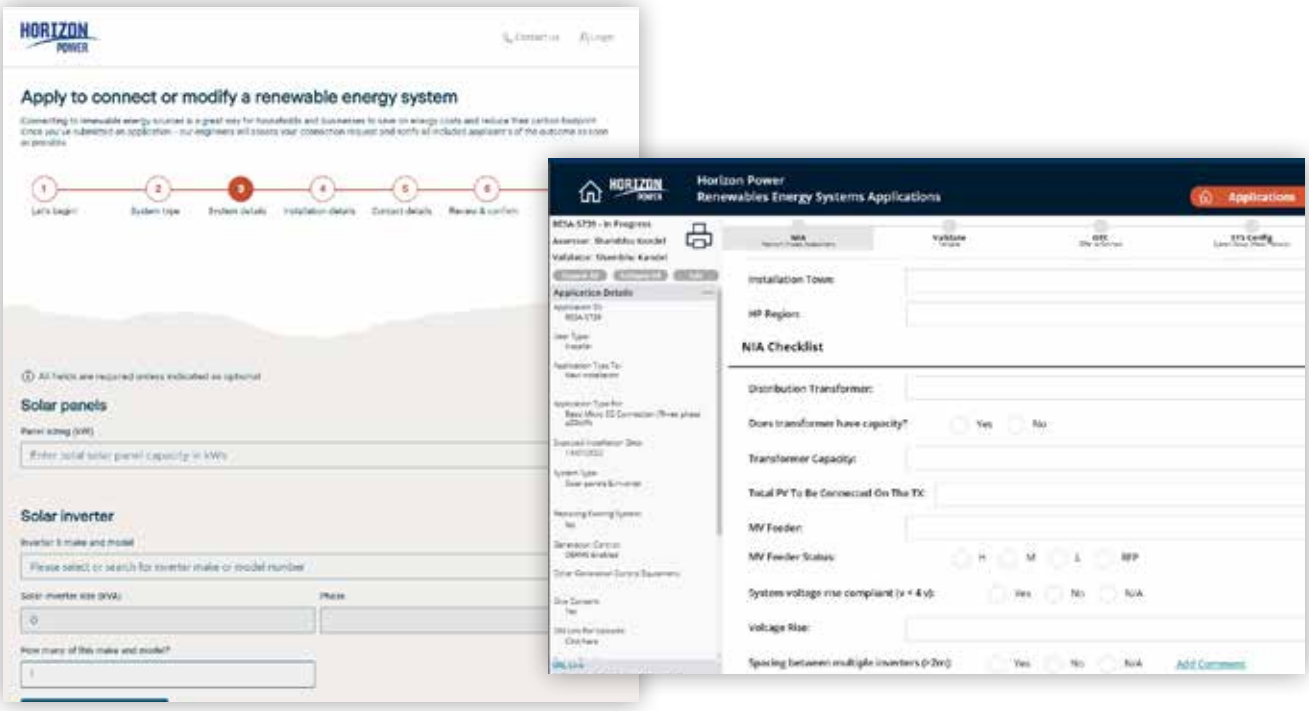
RESA allows solar installers to submit applications via an online form on our new public website. Cross-divisional teams now have clear visibility of the status of every application submitted, as do customers and solar installers throughout the application process. RESA can auto-approve certain applications – those for 5 kW solar systems or less, for example – reducing the previous 10-day wait to same-day approval.

GPP is responsible for the power system analysis that supports RESA. It's a geospatially centric platform which assesses the solar applications, provides the calculations and then determines available hosting capacity for a particular customer. It also provides an impact analysis of projected demand and energy, solar connections, EVs and renewable resources on the system.

How this project benefits our customers

The introduction of RESA and the GPP means our customers

Delivering a new innovative platform for renewable energy connections



RESA

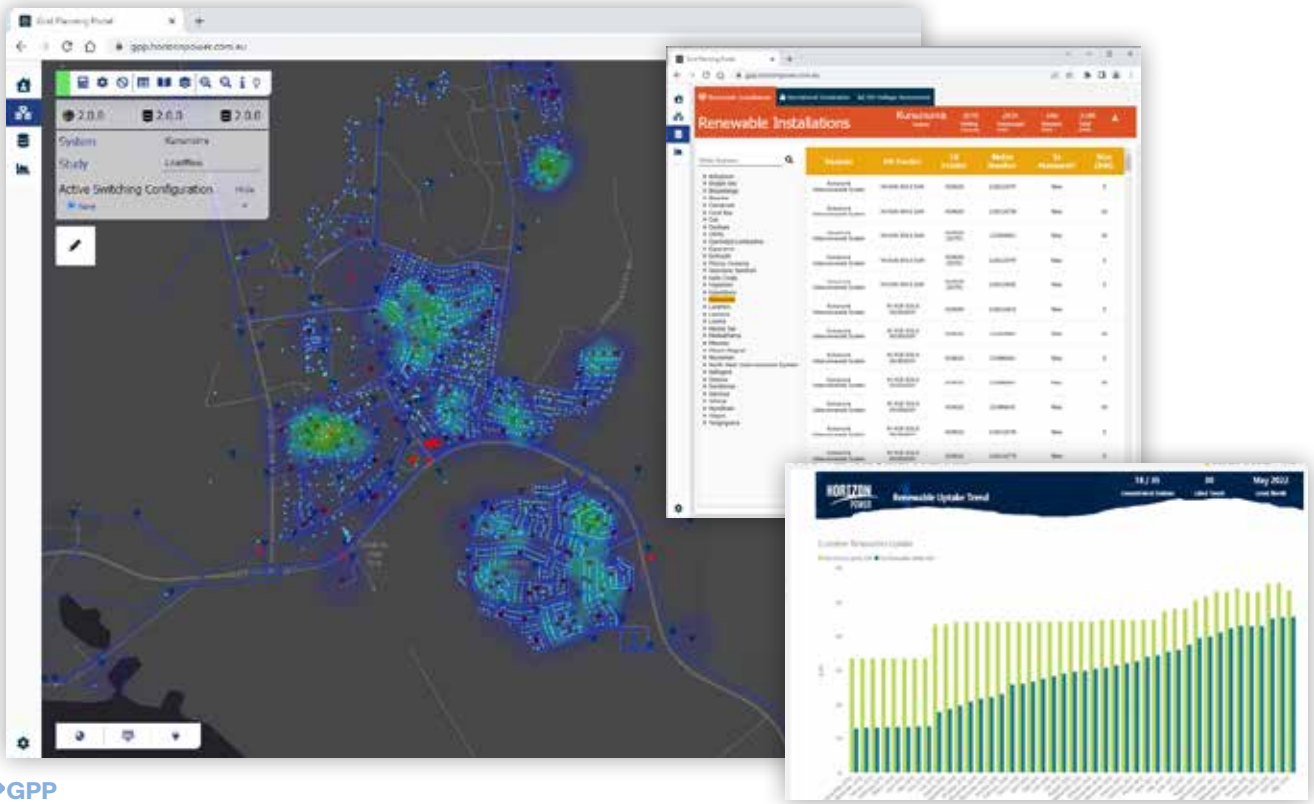
gain access to rooftop solar in a more efficient way, thereby helping to reduce their energy costs and carbon footprint. Horizon Power has already progressed approximately 3,000 kW of hosting capacity releases through these two in-house designed platforms, equating to additional solar for approximately 500 homes and businesses across WA.

Horizon Power Solar Connection Assessor, Shambhu Kandel, believes the new system has improved our level of efficiency and the way we work in this area.

"The RESA solution now makes it very easy to search for applications. Tracking applications and service levels is easy. The data is much more accurate now that we have moved away from (a reliance on) Excel. The GPP allows us to quickly and accurately assess network and solar capacity. We can easily email anyone from within RESA with application queries. It takes much less time to process an application."

INCITE Awards

RESA is receiving high marks beyond the organisation, too. Our digital solution to streamline our customers' connection process was named one of four finalists in the 2022 INCITE Awards Innovating Government Category. The INCITE Awards aim to inspire innovation in information and communications technology in WA and is the state's longest-running tech awards program, recognising WA's top technology innovators.



GPP

Green growth

Shark Lake Renewables Hub solar farm

Horizon Power's commitment to significantly reducing our carbon emissions – together with our customers' expectations around accessing renewable energy supplies – requires us to transform our generation mix away from fossil fuels.

Achieving our carbon reduction target means partnering with industry to innovate and adopt new clean energy technologies, while simultaneously working with our communities to incorporate increasing levels of renewables into future energy systems.

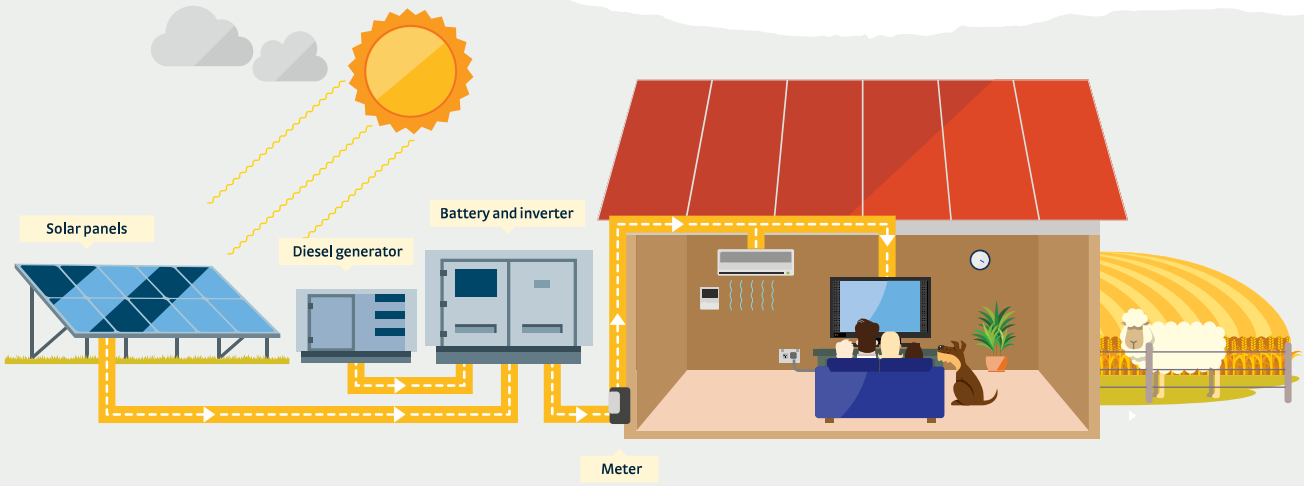
Our Energy Storage in Regional Towns project, funded by the State Government's WA Recovery Plan, is one example of how we're increasing access to renewables in our communities. The program has already enabled us to roll out Battery Energy Storage Systems (BESS) to the East Pilbara town of Marble Bar and several other communities across the state.

The BESS solution enables storage of surplus solar energy, eliminating the negative impact that excess rooftop solar generation can have on network stability while also improving the reliability of power supply for residents. This project will enable more than 3,000 households in regional WA to switch to rooftop solar systems as well as realise potential average household savings of 8-10% annually in our high-consumption towns.

These battery systems can also reduce power stations' spinning reserve and fuel consumption, which in turn reduces our cost to supply electricity to our customers.

We're also helping schools across WA reduce their energy bills as we expand our current solar schools initiative to a further 32 regional schools. Funded through the State Government's Schools Clean Energy Technology Fund, these new solar systems will collectively reduce the Department of Education's greenhouse gas emissions by more than 1,000 tonnes annually, equivalent to permanently taking 300 petrol cars off the road.

We expect the program to reduce schools' annual electricity bills by approximately 24% – a meaningful reduction, as energy costs often represent a significant portion of a school's operating budget.



SPS model for remote properties

Boundary Power by the numbers

190*
SPS
*Contracted or Deployed

3
awards won

1
research grant

Expanding our footprint in standalone power systems (SPS)

SPS are continuous, reliable off-grid power solutions. Our work in the SPS field throughout the year resulted in the installation of 18 additional SPS on remote properties bringing the total to 42. Leading our growth in this space is Boundary Power - a joint venture between Horizon Power and Ampcontrol Limited.

We partnered with Telstra this year to transition WA's first remote mobile communications tower to an SPS away from traditional power sourced from grid-based overhead lines. Installed at Mount Ney, east of Esperance, this SPS will protect cellular communications in the event of emergencies and natural disasters. The project forms part of the WA Government's $10 million Renew the Regions SPS program and is part of Telstra's ongoing efforts to strengthen its overall network resilience.

In addition to the Renew the Regions rollout, we have been allocated $45.8 million to install a further 150 SPS units across regional WA by 2025 as part of the State Government's SPS commitment.

Through Boundary Power, we are commercialising design and development expertise, developing both modular and bespoke SPS solutions for customers in WA and across the country.

In February 2022, Boundary Power received funding via the Victorian Government's Renewable Hydrogen Commercialisation Pathways Fund, enabling it to develop a Renewable Hydrogen SPS Demonstration Project, set for completion in late 2022.

Concluding the financial year, two additional contracts were secured by the Boundary Power team: a bespoke SPS installation with Water Corporation at the Broome Wastewater Treatment Plant, and deployment of 101 SPS across WA for Western Power. These contracts are an acknowledgement and evidence of the dedication and hard work of Boundary Power and its industry-leading position in designing, manufacturing and delivering renewable SPS which enable the removal of poles and wires infrastructure at the end of their design life.

Delivering renewables to Kalumburu

Earlier this year, we completed our solar farm and battery project in Kalumburu - the furthermost permanent settlement along the Kimberley's remote coast.

Kalumburu's only previous power source relied on diesel generation. The town is inaccessible by road periodically throughout the year so delivering diesel fuel has often proved challenging, jeopardising the community's access to reliable electricity.

The installation of a solar farm and battery means approximately 65% of the community's power requirements are now generated from renewable energy.

The new solar and battery energy storage solution will improve the reliability of supply for Kalumburu's 400 residents and reduce the cost of providing electricity for the community. We're reinvesting these cost savings back into the community through our new Community Energy Fund.

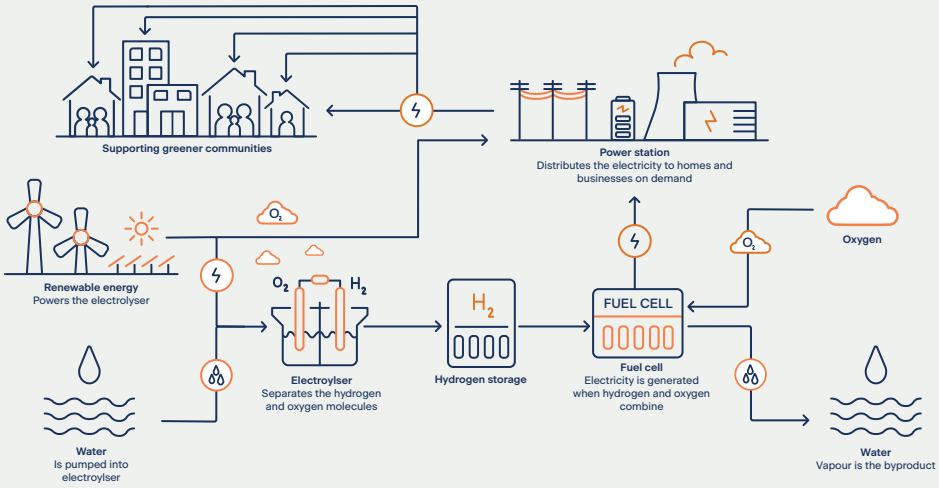
We anticipate giving back $15,000 annually over the next 10 years, and we're working with the Kalumburu Aboriginal Corporation and the community to determine how best to invest these savings into additional clean, green energy initiatives.

The project is the first to be delivered as part of our Remote Communities Centralised Solar program, which aims to provide similar renewable energy solutions to remote WA Aboriginal communities.


Kalumburu solar farm


Boundary Power SPS unit


Horizon Power SPS unit



Denham microgrid

Inspecting the electrolysers during the testing phase in Perth

An Australian first to power Denham

Future power systems will look very different to the traditional power station model that we have witnessed over the past several decades.

The green hydrogen demonstration plant we're building in Denham, the first-of-its-kind in Australia, is one example of how we envision future microgrids could take shape.

Denham is located on the World Heritage-listed Shark Bay coastline, and the Shire of Shark Bay was a pioneer in the adoption of renewable energy with the construction of a wind farm in 1997.

We selected Denham as the site for our green hydrogen demonstration plant as the location provides ample access to solar and wind resources, and we own the power station. The Denham Green Hydrogen Demonstration project will feature:

- 704 kW solar farm
- 348 kW electrolyser
- hydrogen compression and storage
- 100 kW fuel cell, which will use renewable hydrogen to power the grid.

Renewable energy can be used for green hydrogen production – and like Denham, many of our communities are in areas where conditions for renewable power generation are favourable. Our Denham Green Hydrogen Demonstration project will test the technical capability of hydrogen as a power source available as and when required in remote microgrids, in anticipation of the technology becoming cost-competitive in the future.

The project will test how microgrids can be constructed using hydrogen as a base load power source, thereby potentially delivering a 100% renewable energy supply in a sustainable way. Our internal estimates project a 15% annual reduction in diesel consumption and emissions for the Denham community. In addition, the green hydrogen plant's expected output of 526 MWh per year will provide the equivalent energy required to power up to 100 homes.

Our progress in Denham is being closely watched by neighbouring communities who are keen to transition away from diesel generation for reasons of environmental impact and cost.

The project* received funding from both the Commonwealth and State Governments, with Horizon Power securing $2.6 million from the Australian Renewable Energy Agency. An additional $5.7 million was provided by the WA Government as part of its Recovery Plan, including $1 million from the WA Renewable Hydrogen Fund. Construction of the project is almost complete and we will carefully monitor progress during operational trials.

*The project is supported by both State and Federal Governments, receiving funding from the Renewable Hydrogen Fund as part of the Western Australian Government's Renewable Hydrogen Strategy and the Australian Renewable Energy Agency's Advancing Renewables Program.

Disclaimer: The views expressed herein are not necessarily the views of the Australian Government or the Western Australian Government, and the Australian Government or Western Australian Government do not accept responsibility for any information or advice contained herein.

CASE STUDY

Shark Lake Renewables Hub

Esperance leads the way in the decarbonisation of energy across WA

Horizon Power remains at the forefront of renewable energy technology and is committed to working with our local communities across the state as we continue our journey toward a decarbonised future.

Location

Esperance

Commercial operation date

May 2022

Project overview

The town of Esperance is cutting its carbon emissions by almost 50% since the introduction of a new state-of-the art renewable energy system in March 2022. The new power system is owned and operated by Pacific Energy and was built to supply the town under a 20-year power purchase agreement (PPA) with Horizon Power.

Officially opened by the WA Premier and Minister for Energy in May 2022, the new power system was constructed in two locations, the Shark Lake Renewables Hub and the Harbour Road Power Station.

Shark Lake Renewables Hub

- Two 4.5 MW wind turbines
- 4 MW solar farm

Harbour Road Power Station

- 4 MW BESS
- 22 MW high-efficiency gas power station

The two 4.5 MW wind turbines will together deliver 60% more wind power than the combined output of Esperance's old wind farms, and the solar farm is currently the largest in Horizon Power's portfolio. A total of 8,900 solar panels track the sun across the day to maximise energy output. Combined with the two wind turbines, the renewables hub can already meet nearly 50% of Esperance's power needs.

The new and more efficient gas power station will also reduce carbon emissions. Gas consumed by the power station is further reduced by the use of a BESS responding instantly to increases in energy demand.

The new power system design can accommodate further integration of new technologies over the life of the assets, which means the proportion of renewable energy powering the system can increase as new technologies become available.

As well as providing a cleaner, greener long-term power solution to almost 8,000 residents of Esperance and the surrounding rural areas, it is estimated the new system will save the WA Government approximately $10 million annually.

What this project means for the Esperance community

"The Renewables Hub is a fantastic facility! Esperance has always been an advocate of wind powered electricity, with the Salmon Beach research facility established in 1987, and Australia's first commercial wind farm in 1993. The Esperance community is very environmentally aware and supportive of renewable energy opportunities. We continue to work to reduce greenhouse gases, and this facility is a great part of our regional story, and looks impressive too."

— Esperance Shire President, Ian Mickel

Premier, Hon. Mark McGowan, and Stephanie Unwin, Horizon Power CEO, at the opening of the Shark Lake Renewables Hub

Shark Lake Renewables Hub wind and solar farm

Our community

Community engagement in Ardyaloon

Community investment

Our Community Partnership Program aims to help our communities become even better places to live, work and play.

Launched two years ago, the new program changed our approach from a sponsorship model to one of community investment.

The program supports Horizon Power's four guiding principles:

- community involvement
- Aboriginal and Torres Strait Islander commitment
- cleaner, greener
- regions first.

We provided $1.1 million in funding to 86 organisations this financial year, many of them first-time Community Partnership Program participants. We support a broad range of community-based organisations, providing funds to help deliver financial counselling, women's wellbeing, youth sporting programs, rehabilitation and youth trauma support, and Aboriginal language resource development.

Our $50,000 commitment to DVassist, a domestic violence support organisation which provides services only in regional WA, will help the organisation further expand its activities, introduce an online counselling capability, and provide rent assistance for children who have been impacted by family violence situations.

We also supported Barking Gecko Theatre with a two-year funding commitment to enable it to develop and deliver a regional WA theatre roadshow, supporting its vision to help children to be courageous, creative and culturally engaged. The Powering Imaginations theatre show, together with children's drama classes, will be presented in several regional towns including Karratha, Broome and Kununurra.

This year we also increased our support of local government authorities, supporting events such as the Boab Festival in Derby, an arts exhibition through the Shire of Carnarvon, and Menzies Discovery Day through the Shire of Menzies.

We celebrated one of our most memorable recent community collaborations this year with the unveiling of Derby Drift, a community art project led by Jessica Bidewell, a Derby artist, which involved more than 50 children from the Derby community.

Derby Drift is a colourful, seven metre mural which depicts the shifting waters of Derby and its underwater wildlife.

The artwork is protected by a new solar shade – known as the Horizon Power hut. The solar shade also protects a new 40 kW solar system which will reduce operating costs for the Derby Memorial Swimming Pool and provide a cool, shady community space for its more than 20,000 annual visitors. The new solar system was part of the $5.2 million Derby Solar, Battery and Streetlights project, funded through the WA Government's Renew the Regions program.

Community engagement

Our community engagement activities provide a valuable way for us to listen to and interact with our customers across regional WA.

This year, we organised or participated in 40 engagement events, a 60% increase over the prior year. We offered a range of formats across these events, including town hall and drop-in sessions as well as virtual forums.

Our engagement sessions allow us to share information with customers and stakeholders in our communities. In turn, we encourage participants to raise questions and share feedback on our products and service.

We strive to involve our stakeholders in every step of our product and service journey, in support of our 'community involvement' guiding principle and our human-centred design process, enabling us to incorporate their ideas into our decision-making process whenever possible.

We are committed to engaging with all our communities, as each town has its own unique identity and requirements.

Training day for participants in Hedland Academy, a Horizon Power Community Partnership Program recipient

Community engagement around the regions

Measuring our social impact

We know the right investments in energy infrastructure, new technology and new industries can bring real benefits to regional and remote WA.

These investments can reduce electricity bills, help attract new business ventures and new residents, and can also provide both direct employment and foundational support for the communities we serve.

Our Social Impact Index, developed in 2021, provides visibility on how we are delivering on our social impact goals and helps us better understand how our actions are supporting our communities.

The Social Impact Index comprises six social impact objectives aligned to either regional growth or vibrant communities, underpinned by 14 success indicators.

Measuring our social impact ensures that we:

- hold ourselves accountable to our communities
- tangibly measure the delivery of our ambitions
- focus on ways to continually improve how we operate to create sustainable outcomes.

Social impact milestones

Awarded $25.3 million

in contracts directly to regional suppliers, an increase of 90%+ over prior financial year

Decreased total greenhouse gas

intensity by 4%

Purchased 18.8 GWh

of renewable energy from our customers, up 16% from prior-year results

Filled 11 roles

in the regions including seven by individuals who identify as Aboriginal, a 32% increase over prior financial year

Supporting local Aboriginal businesses

We are committed to creating opportunities for WA-based Aboriginal businesses.

To this end, we have implemented a range of initiatives to support local, established and emerging companies, contributing to their strong economic development and aligned with our guiding principles.

We continue to make significant progress in identifying new contract opportunities.

While our total level of contracts awarded to Aboriginal businesses decreased this year, impacted in part by post-pandemic staff shortages and supply chain constraints, we are committed to this program and aim to do better in the coming year.

Table 5: Contracts awarded to Aboriginal businesses by region (FY 2021/22)

Regions	Value of purchase orders ($)	Value of contracts ($)	Total ($)	%
Esperance/Goldfields	119,032	30,212	149,244	9
Kimberley	114,320	881,516	995,836	63
South West	9,430	-	9,430	1
Perth Metro	148,267	-	148,267	9
Pilbara	186,022	100,000	286,022	18
Total	**577,071**	**1,011,728**	**1,588,799**	**100**

Contracts awarded[1] FY 2021/22 $1,588,799

Total contracts awarded since Aboriginal Procurement Policy implementation (1 July 2018) $7,411,298

Actual spend[2] (FY 2021/22) $1,226,873

Actual spend since Aboriginal Procurement Policy implementation $4,875,278

Notes

1. The contract award estimates are based on the contract term and not the financial year. Spends on these contracts will only be reached over the life of each contract.

2. The actual spend is based on the amount invoiced against each contract.

Broome depot

Modernising microgrids for our Aboriginal communities

As part of the Regional and Remote Communities Reliability Fund Microgrids FY 2019-20 grant program, we received feasibility funding to establish a business case investigating the feasibility of adding renewable energy generation to 14 Aboriginal communities in and around the Ngaanyatjarra (NG) Lands.

The funding supported our investigation of existing generation and distribution assets which indicated the assets were in better-than-expected condition but identified metering as a future priority area for improvement. We engaged in preliminary community engagement during site visits and found strong support for a proposed hybrid power solution. We look forward to continuing to engage with the targeted communities as we move into the implementation phase of this initiative.

The study also helped identify new technical solutions that could help reduce emissions. Large communities were found to be economically more attractive for implementation due to the relatively smaller loading of non-generation infrastructure costs which are independent of rated capacity, such as mobilisation. The economics of introducing renewable energy to regional and rural communities is underpinned by the subsequent reduced diesel consumption, and recent escalation in diesel prices has strengthened the business case logic for renewable energy across all such communities.

Funding options are currently being pursued to progress implementation, with a priority on the replacement of Blackstone Power Station in the Esperance/ Goldfields region that was destroyed by fire in the past year.

Warakurna, Ngaanyatjarra Lands, Esperance/Goldfields region

Keeping our communities safe

Safety is a core value at Horizon Power and underpins every facet of our culture and operations. We are committed to educating the public on potential hazards associated with using and interacting with electricity as well as on seasonal issues such as cyclone and storm preparedness.

We are dedicated to being a safe place to work and a high performing organisation that is a respected safety leader. These outcomes support our corporate safety objective which is to minimise risk to our employees, contractors and our communities.

While we continued to deliver safety content through our regular community awareness safety campaigns - including vegetation management, pillar awareness, shocks and tingles, farm safety, and fallen powerlines - we also launched a new range of safety messages to address other risks identified through internal research. The new safety awareness campaigns include information on oversized loads, service line safe distances, dangers associated with fuse pulling and how to report shocks and tingles. These will be incorporated into our regular community awareness safety messages to keep our communities safe and help safeguard our electrical infrastructure.

CASE STUDY

The Nyunngaku Women's Wellbeing Community hub

Helping support the local Aboriginal community in Leonora

The Nyunngaku Women's group has been in operation for six years. The group established a Women's Wellbeing Community hub following a request in September 2020 from women and Elders in their community.

Location

Leonora

Total project investment

Horizon Power supported the initiative with a $9,500 contribution through the Community Partnership Program.

Project overview

The group is committed to investing in women of all ages so they can be connected to and feel part of a community, an important facet of maintaining good mental health and wellbeing.

Horizon Power's Community Partnership Program supported funding for equipment and a fit out of the new hub.

The hub is based in the Leonora town centre and offers programs focused on a holistic approach to wellbeing and empowerment for women of all ages. The hub is grounded in principles of inspiration, inclusion, self-determination and collective action with the values, knowledge and wisdom of community members at the forefront.

Timing

The Nyunngaku Women's Wellbeing Community hub officially opened in June 2022.

Local community benefits

The hub leads the way in providing a positive influence for women and youth within the local community and delivers free services in a safe and relaxed environment. Recent workshops and program topics include managing stress and anxiety, healthy eating and cooking demonstrations, developing interpersonal and communication skills, building relationships with community and open discussions on mental health and wellbeing.

Nyunngaku Committee Secretary, Tanya McColgan, is thankful for the support from the Horizon Power Community Partnership Program and what it enables the hub to achieve.

"The partnership with Horizon Power has allowed the Nyunngaku Committee to create and provide a warm, safe and inviting space for all women to get together. It represents a joining of all community and a place to belong. We look forward to being able to achieve positive change for women, youth and our community and we are proud and honoured for Horizon Power's support and standing beside us in our journey. The hub has been a journey of love, hope and dreaming big and due to our partners' support, but especially the funds from Horizon Power, we have made the hub a reality."

Nyunngaku Women's Wellbeing Community hub

Our environment

Esperance coast

As WA's regional energy provider, we are committed to performing our functions and growing our business toward 100% decarbonised energy systems, while maintaining and protecting the ecological values of our shared environment.

This includes environmental leadership which enhances the liveability of our regional communities and ensures continual improvement of our environmental performance and compliance with our environmental obligations.

We recognise the importance of shared ownership, responsibility, and accountability for environmental management across all levels of the organisation and achieve this by:

- creating a culture where environmental management is everyone's responsibility
- planning and undertaking our activities in a manner that prevents pollution and minimises the risk of harm to the environment in which we operate
- providing our people with the resources and training to understand their environmental obligations and empowering them to make decisions that ensure environmental protection of biodiversity and ecosystem values.

We acknowledge the scientific consensus on anthropogenic climate change, the crucial need for a transition to a net zero carbon society, and the adaptation required to address emerging and potential climate impacts.

Our approach to climate change

As a vertically integrated energy utility operating across the vast and variable climatic regions of WA, our assets, communities and business are exposed to the projected escalating impacts of climate change.

Acknowledging the continuing materiality of these impacts, in FY 2021/22, we built on the journey we began in the previous year to disclose climate-related risks in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and will seek to increase our alignment over the coming years.

We acknowledge the risks and opportunities associated with climate change, and the important role we play in the collective mitigation and changes required to respond to this challenge. As per the TCFD recommendations, we explored the potential impacts of climate change on our business and assets. We completed vulnerability modelling on a pilot town and have now begun exploring the potential impacts across the rest of our expansive network. Representative Concentration Pathways (RCPs) 4.5 and 8.5 will be used for our modelling as recommended by the WA Government and CSIRO's Electricity Sector Climate Information Project.

We support the WA Government's ambitious interim target of an 80% reduction in emissions by 2030 and overarching net zero by 2050 target.

We are currently working toward our interim targets and a net zero carbon future through both direct and indirect measures such as:

- increasing our diverse portfolio of high penetration centralised renewable generation
- facilitating the transition to DER by upgrading the infrastructure and research to remove barriers and empower customers to access their own renewables
- developing net zero transition pathways, exploring our entire portfolio of emissions to identify opportunities for decarbonisation in support of our 'cleaner, greener' guiding principle.

A highlight during the year was the release of a joint Climate Change Commitment alongside Synergy and Western Power, outlining our commitment to working together toward a climate-resilient and prosperous low carbon future for our communities.

Table 6: Greenhouse gas emissions (tonnes CO_2-e) FY 2017/18 to FY 2021/22

Reporting year	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Total energy consumption (GJ)
2021/22	48,256	Final figures are reported to CER by 31 October 2022 and published Q1 FY 2022/23	Final figures are reported to CER by 31 October 2022 and published Q1 FY 2022/23
2020/21	47,012	23,299	1,013,526
2019/20	45,093	22,731	1,022,051
2018/19	45,516	28,587	1,027,585
2017/18	38,799	32,504	911,047

Greenhouse gas and carbon intensity

We report total annual greenhouse gas emissions as carbon dioxide equivalent (CO_2-e) as shown in Table 6, in accordance with the *National Greenhouse and Energy Reporting Act 2007* (NGER).

CO_2-e emissions attributed to Horizon Power were higher in FY 2021/22. This was driven by the Gascoyne Junction, Menzies and Laverton power stations being transferred to our operational control from an independent power producer (IPP) during the reporting period.

The Clean Energy Regulator (CER) will make our FY 2021/22 CO_2-e emissions publicly available in the first quarter of FY 2022/23.

An estimate is made for Scope 1 emissions (direct)[1] based on available information as of 8 July 2022. Because Scope 2 (indirect)[2] emissions are more complicated to establish in accordance with the NGER, they cannot be accurately estimated at the time of publishing this Annual Report.

Carbon intensity of our emissions[3], measured as kilograms of CO_2-e per kWh of electricity sent out, is a key measure of the greenhouse gas emissions performance related to energy production, inclusive of IPPs. Reducing carbon intensity demonstrates improved greenhouse gas emission efficiency and is therefore an important indicator with respect to climate change.

Carbon intensity is primarily influenced by IPPs, with Horizon Power-operated power stations having a relatively low influence on total values.

During the reporting period carbon intensity was slightly higher, due to a shift in generation mix in the NWIS and slightly lower demand at 0.54 kg CO_2-e/kWh, but within the internal target of 0.65 kg CO_2-e/kWh, as shown in Table 7.

Table 7: Carbon intensity of sent-out electricity, actuals and targets FY 2017/18 to FY 2021/22

Reporting year	Carbon intensity, kg CO_2-e / kWh sent out	Target intensity, kg CO_2-e / kWh sent out
2021/22	0.54	0.65
2020/21	0.56	0.65
2019/20	0.54	0.65
2018/19	0.55	0.65
2017/18	0.55	0.65

Table 8: Summary of air emissions FY 2017/18 to FY 2021/22

Air emissions	Summary	2021/22	2020/21	2019/20	2018/19	2017/18
Sulphur dioxide (SO_2)	**Total (tonnes)**	0.3	0.2	0.2	0.4	0.2
	kg/MWh (generated)	0.004	0.004	0.003	0.006	0.004
Oxides of nitrogen (NOx)	**Total (tonnes)**	615	531	451	439	441
	kg/MWh (generated)	8.59	8.14	5.80	6.09	6.77

[1] Direct emissions of greenhouse gas into the atmosphere from sources that are owned or controlled by the company, such as emissions from combustion in owned or controlled engines or equipment.

[2] Indirect emissions of greenhouse gas from the generation of purchased electricity consumed by the company. This includes purchased electricity consumed in depots/offices, as well as line losses in networks operated by Horizon Power.

[3] CO_2-e emissions produced by both Horizon Power and IPP during electricity generation.

Air emissions

We reported annual air emissions for the FY 2021/22 period to the National Pollutant Inventory (NPI) for sites exceeding the NPI reporting thresholds. These reports and information on reporting requirements are publicly available on the NPI website (www.npi.gov.au). An estimate of combined air emission data from all our generation facilities is provided in Table 8.

Total sulphur dioxide (SO_2) and normalised SO_2 emissions, shown as kg/MWh (generated), were higher than previous years, primarily due to the inclusion of Gascoyne Junction, Menzies and Laverton power stations.

The decrease in total emissions of nitrogen oxides (NOx) can be attributed to an overall decrease in the amount of gaseous fuel consumed. Normalised NOx emissions slightly decreased in comparison to the previous year.

This can be attributed to a proportional increase in natural gas consumption for electricity generation as opposed to diesel. Normalised NOx emissions are shown as kg/MWh (generated) in Table 8.

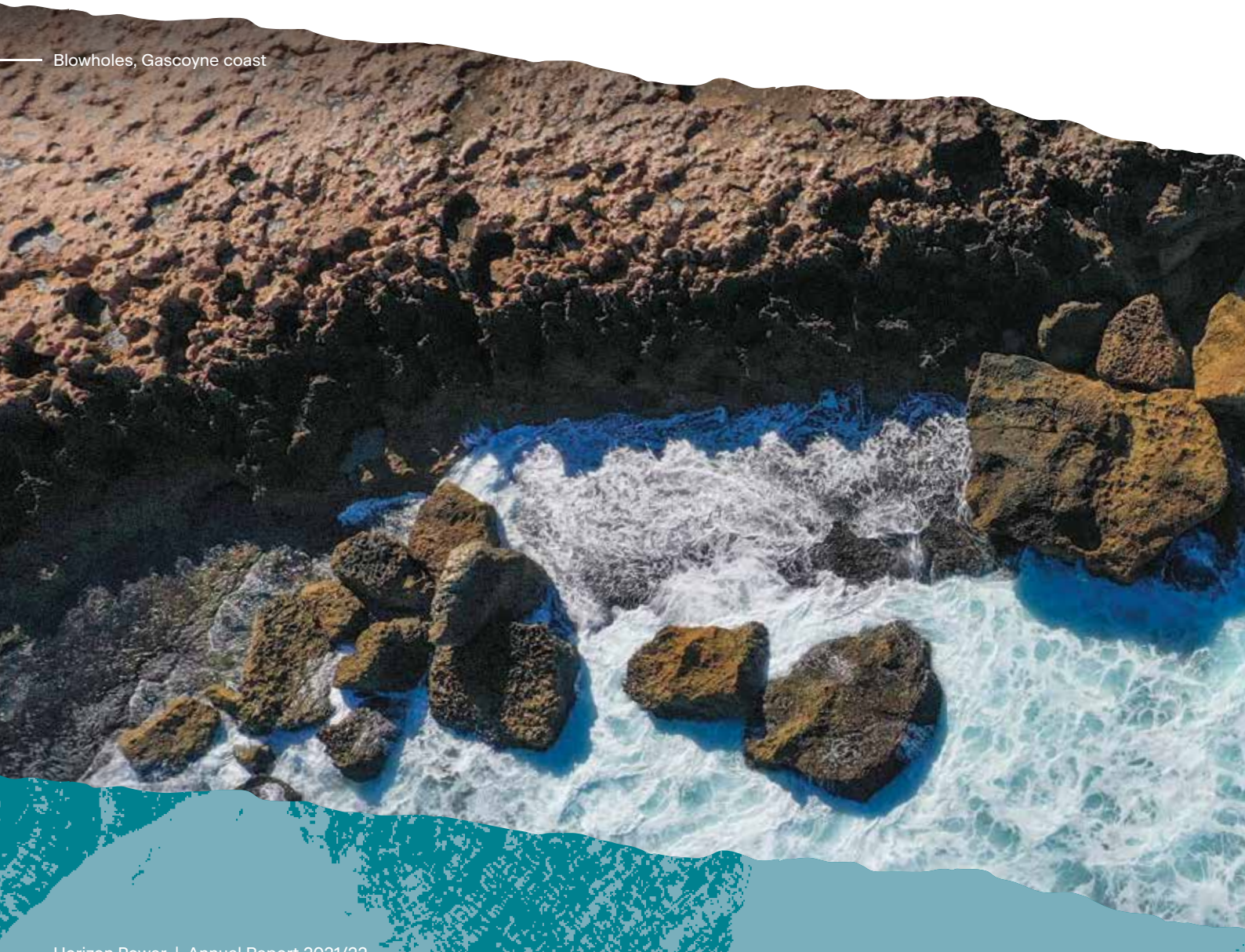
Final data supplied to the NPI may differ slightly from the estimated emissions and includes additional statutory reporting parameters.

Noise

No noise complaints were received during the year.

Management of contaminated sites

The management and remediation of historical, and predominantly inherited, contamination impacts arising from operational activities at power station sites has been a key focus area for a number of



Blowholes, Gascoyne coast

years and we have successfully completed all associated remediation activities.

Our ongoing work around contaminated sites includes seven former power station sites in the final stages of investigation or awaiting reclassification under the *Contaminated Sites Act 2003*. Twenty-four former power station sites are considered complete with no further investigation required.

Accredited contaminated site auditors continue to support the program through independent oversight of investigations on sites where groundwater contamination has migrated offsite.

Environmentally Sensitive Areas Program

The Environmentally Sensitive Areas Program continued this year, with all ground-disturbing activities subjected to a desktop assessment prior to work commencing. This program provides employees and contractors with processes and procedures for working within such areas, and ensures licences or permits are obtained as applicable.

Regulatory instruments

We maintained our environmental licence for the Karratha temporary generation project, meeting all reporting obligations required under the licence. Mungullah Power Station remains a registered premises with no associated reporting requirements.

No other operating sites within our portfolio exceed the threshold for an environmental licence or registration.

We held 11 active native vegetation clearing permits issued by the Department of Water and Environmental Regulation.

Removing or disturbing threatened flora species in WA requires approval from the Minister for Environment. We take a conservative approach when ground-disturbing work is planned to occur within 50 metres of Declared Rare Flora species, and apply for an 'Authorisation to Take' permit, in the unlikely event that inadvertent impact from vehicles or machinery occurs during the course of our work. The Department of Biodiversity, Conservation and Attractions, in its assessment of the approval, also provides conditions or guidance to further mitigate potential impact to the species.

In FY 2021/22, we held and complied with three 'Authorisation to Take' permits in Esperance and Kununurra, relating to our annual vegetation maintenance programs conducted in areas of high conservation significance. We are diligent in our commitment to minimising the onsite impacts of our work on threatened species and native vegetation more broadly.

Environmental incidents

There were no reportable environmental incidents during the reporting year.

Millstream Chichester National Park, West Pilbara

Climate Change Commitment

We are committed to working together towards a climate-resilient and prosperous low carbon future for our communities

We acknowledge the scientific consensus on anthropogenic climate change, the crucial need for a transition to a net zero carbon society, and the adaptation required to address emerging and potential climate impacts.

The *Western Australian Climate Policy* sets the direction for a prosperous and resilient low-carbon future for our State, with the successful delivery of this future dependent on us achieving many of the key actions.

We play a pivotal role in the decarbonisation of our communities, ensuring an orderly and just transition away from the fossil fuels that have powered the Western Australian way of life to date.

This includes reducing our own emissions and supporting broader decarbonisation by enhancing our technical solutions, products and infrastructure.

These actions will ensure grid security and reliability, while facilitating further uptake and equitable access to renewable energy resources.

A low carbon electricity system is critical to the State Government's commitment to net zero greenhouse gas emissions by 2050.

Across Western Australia, we are working with industry to deploy the technologies and infrastructure needed, including Renewable Energy Technologies, Standalone Power Systems, Electric Vehicle Charging Infrastructure, Green Hydrogen, Energy Storage and Distributed Energy Resource Management Systems.

Our actions also include assessing the vulnerability of the State's electricity systems to climate change impacts based on internationally accepted climate scenarios. This work will help us plan, manage and minimise the risks from a changing climate to the provision of essential electricity services for Western Australians.

Horizon Power, Synergy and Western Power are energy utilities owned by the people of Western Australia. Together we provide essential electricity services to our customers and communities across our vast state.

Owned by the people of WA

HORIZON POWER synergy western power

Heritage and native title

Aboriginal artwork by Clarrie Djanghara

Horizon Power is privileged to work, live alongside and provide electricity services to Aboriginal people across regional and remote WA.

Our vision for reconciliation is embedded in our business strategy, with 'Aboriginal and Torres Strait Islander commitment' one of our four guiding principles.

Building strong, respectful partnerships with Aboriginal people and communities is fundamental to achieving our goals for reconciliation, as outlined in our Innovate RAP, serving our customers effectively, and reflecting the communities in which we live and work.

We continue to work closely with community councils, Traditional Owners and Custodians of the lands on which we operate, aiming for genuine engagement by building trust through early and ongoing communication, setting appropriate timeframes for consultation, and demonstrating cultural awareness.

Native title and heritage compliance

Aboriginal people form an integral part of our customer base and we continue to build on our existing relationships with the Aboriginal communities we service through Partnership Agreements.

These agreements are designed to enhance levels of collaboration, promote mutual understanding of heritage values - including greater awareness for the cultural heritage values specific to a particular area - and facilitate regular meetings with Traditional Owners and community groups.

We continue to engage with individual Traditional Owner groups to understand and accommodate their preferences around establishing Partnership Agreements. In some instances, Traditional Owners do not wish to formalise an agreement and instead, prefer to engage with us in an informal manner. This was the preferred approach identified in our engagement this year with Ngadju, the Traditional Owners of Norseman. We'll continue to engage with Ngadju in this manner until such time that they may wish to formalise their Partnership Agreement with us.

The MG Corporation, representing the Miriuwung and Gajerrong people of the East Kimberley, has chosen to formalise their partnership agreement with us and we are currently in negotiations with them to finalise this process. We will continue to engage and listen to our Traditional Owner groups in this way, and expect to formalise additional Partnership Agreements in the coming years.

Horizon Power's existing Esperance Nyungar Alternative Heritage Agreement (ENAHA) formalises our approach to working in partnership with the Esperance Nyungar people, providing a continued supply of safe and reliable power in a culturally sensitive and appropriate manner.

We continue to strengthen our processes supporting the ENAHA following two incidents that occurred in late 2021 relating to use of cultural heritage monitoring services during project works.

Across all our service areas, we operate according to our heritage management processes, and as a result, no potential or actual breaches of the *Aboriginal Heritage Act 1972* were recorded during this financial year. In addition, Horizon Power is involved in the state's co-design process to develop guidelines for the new *Aboriginal Cultural Heritage Act 2021.*

We are using this process to reinforce our unique requirements as a critical service provider, as well as to ensure that our own heritage management processes remain up to date and aligned with the new legislation.

Ongoing process improvement, assessment of both low and high impact projects and further development of an online workflow management system (Sustainability Portal) have enabled us to adopt a more streamlined, transparent and efficient way to manage environmental, native title and heritage risks.

We completed several cultural heritage surveys this year, including with the Darlot people in Leonora, the Murujuga people on the Burrup Peninsula, and Nyamal and Ngarla people in the East Pilbara.

We engaged heritage monitors to assist in protecting cultural values during ground-disturbing works for operational and project-related activities, including with the Nyungar people in Esperance, Walalakoo people in Looma, and Ngarluma people in Karratha.

Our local depots have led additional engagement and consultation for operational activities with the Esperance Nyungar, Kariyarra and Yawuru people, which further demonstrates our commitment to building stronger relationships with Traditional Owners.

Pretty Pools, Port Hedland

Directors' report

Corporate governance

Corporate governance is the system by which we are directed and managed. It influences how:

- business objectives are set and achieved
- risk is assessed and managed
- corporate fairness, transparency and accountability are promoted
- performance of the business is optimised.

To best reflect the expectations of our people, stakeholders and customers, we have sought to adopt recognised best practice for corporate governance by implementing a Corporate Governance Framework.

In practical terms, the Framework:

- provides structure and consistency to the way we do business with our customers and stakeholders
- allows employees to respond to situations as they arise with confidence, understanding the requirements of the business
- promotes our performance drivers and corporate governance principles, systems and practices, including the roles, responsibilities and authorities of the Board and executive
- is aligned with our strategic and business plans
- provides accountability and control systems commensurate with the risks involved
- is an essential component of our overall success.

Managing business risk

Our Risk Management Framework is designed to encourage and support the development of an appropriately risk-aware culture within the organisation and assist us to realise the benefits that accrue from a conscious, structured and dynamic approach to the management of risk. This means our employees can perform their activities in a responsible, thoughtful, knowledgeable and consistently professional manner, contributing to our overall direction and success.

Our Corporate Risk Management Framework is aligned with the ISO 31000:2018 standard and includes processes to identify, assess, monitor, report and escalate risk exposures to management.

The Framework:

- applies to everyone including the Board of Directors, the executive team and all other employees and contractors
- is applied at all levels of the business (including, but not limited to, corporate, divisional and group functions as well as programs and projects)
- is applied to all operational risk management processes and practices
- is integrated with other corporate frameworks, in particular the strategic business planning and corporate budgeting processes. This assists with prioritising important projects and promotes a risk-based approach to investment decisions.

The corporate risk profile is reviewed and updated on an annual basis by the executive team. The corporate risk profile is an aggregation of risks identified by the various divisions and reported annually to the Audit and Risk Management Committee.

In accordance with the *Electricity Corporations Act 2005* (WA), we must be governed by a Board of between four and eight directors appointed by the WA Governor on the nomination of the Minister for Energy.

The Board is responsible to the Minister for Energy for the performance of the business.

The primary role of the Board is to set Horizon Power's strategic direction, approve major expenditure and provide advice to the Minister for Energy on regional power issues.

The Board formally delegates the day-to-day management of Horizon Power to the Chief Executive Officer and executive management team.

During the year, our Board consisted of the following people:

- **Ms Samantha Tough**
  Chairperson
- **Mr Peter Oates**
  Deputy Chairperson (term concluded 20 December 2021)
- **Mr Mark Puzey**
  Deputy Chairperson (term commenced 21 December 2021)
- **Ms Kylie Chamberlain**
  Director (term concluded 31 December 2021)
- **Ms Ivy Chen**
  Director
- **Mr Michael Court**
  Director (term concluded 20 November 2021)
- **Ms Sandra Di Bartolomeo**
  Director
- **Ms Kirsty Laurie**
  Director (term commenced 21 November 2021)
- **Mr Martin Reed**
  Director (term commenced 22 February 2022)
- **Ms Gail Reynolds-Adamson**
  Director

Ms Samantha Tough
Chairperson

Appointed 26 November 2019

Samantha has a distinguished career and extensive experience in energy, resources and engineering including the Clean Energy Finance Corporation, Synergy, Saracen and Woodside. She is also the Pro Vice Chancellor of Industry Engagement at the University of Western Australia (UWA).

Samantha has detailed knowledge of regional WA and has served on the boards of several businesses and non-government organisations.

Samantha completed a Bachelor of Laws and Bachelor of Jurisprudence at UWA and worked as a barrister and solicitor before progressing to the commercial sector. She is a Fellow of the Australian Institute of Company Directors.

Mr Peter Oates
Deputy Chairperson

Appointed 11 November 2014
Appointed Deputy Chairperson November 2018
Term concluded 20 December 2021

Peter has extensive experience in the WA electricity industry, primarily in the financial area, including roles as the General Manager Finance and Administration and as the General Manager Emerging Business, which included the development of renewable projects for Western Power prior to its disaggregation in 2006.

Peter was a director of Eneabba Gas Ltd from 2006 to 2010 and has been involved in several reviews into the structure of the electricity industry in WA, commencing with his appointment as Executive Officer to the Energy Board of Review in 1992, which resulted in the disaggregation of the State Energy Commission of Western Australia (SECWA). Peter was Chairman of the Merger Implementation Group which provided oversight into the merger of Verve and Synergy in 2013.

Peter holds a Bachelor of Economics and a Master of Business Administration from UWA and is a Fellow of Certified Practising Accountants Australia.

Mr Mark Puzey
Deputy Chairperson

Appointed 21 December 2021

Mark spent 33 years at KPMG where he was a Chartered Accountant, gaining extensive experience with internal and external audit, risk management, IT advisory, governance, strategy and business transformation roles. He was the lead partner for the Energy Utilities Sector (WA), and the IT Governance Asia Pacific leader.

Mark is the non-executive Chair of M8 Sustainable Limited (ASX: MS8) and the Audit and Risk Committee Chair and non-executive director of DUG Technology Limited (ASX: DUG). Upon retiring from KPMG, his roles have included strategic board advisory for a variety of entities, including energy and technology enabled companies, as well as chair of other audit, digital and risk board committees. He is also a major supporter of the arts.

Mark is a Fellow of both Chartered Accountants ANZ (FCA) and the Australian Institute of Company Directors (FAICD). He is certified in the Governance of Enterprise IT (CGEIT).

Ms Kylie Chamberlain
Director

Appointed 30 April 2018
Term concluded 31 December 2021

Kylie is an accomplished and experienced banking and finance executive with more than 20 years of experience within the industry.

Across various senior roles with prominent Australian banking and financial institutions, she has garnered broad market exposure to a variety of industries and brings acumen in the key areas of finance, strategy, culture, governance and risk.

Kylie holds a Bachelor of Commerce from UWA and postgraduate qualifications from both the Securities Institute of Australia and the Governance Institute of Australia. Kylie is also a graduate of the Australian Institute of Company Directors.

Ms Ivy Chen
Director

Appointed 23 August 2020

Ivy is a corporate governance specialist and is Manager-Corporate and Principal Consultant with CSA Global. She has led mine geology and resource estimations teams in China and Australia. Her previous roles include being a national advisor for geology and mining for the Australian Securities and Investment Commission (ASIC).

She was also heavily involved in the ASIC contribution to the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) update, the 2015 Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code) and the ASX listing rules for mining and oil and gas. Ivy was awarded an Australian Public Service Australia Day medal in 2013 in recognition of her outstanding service for this work.

Ivy is a Director of Football West, a Director of the Football Futures Foundation (the charity arm of Football West) and a member of the WA Government's Investment Attraction Fund Governance Board. Ivy is also a Director of Multicultural Futures, and a Director of Take It Seriously.

Mr Michael Court
Director

Appointed 9 July 2019
Term concluded 20 November 2021

Michael joined WA Treasury in 1997 after working in the Department of Foreign Affairs and Trade and the Commonwealth Treasury.

Michael was appointed Deputy Under Treasurer in September 2016. In this role, Michael assists the Under Treasurer in the management of Treasury, with a primary focus on whole of government budget management and fiscal strategy and other priority strategic issues.

He is responsible for Treasury's corporate service functions and providing advice and strategic direction on public sector reform issues.

Michael is also Deputy Chair of the Western Australian Treasury Corporation Board and a member of the Bankwest Curtin Economics Centre Advisory Board. He holds a Bachelor of Economics (Honours) from Murdoch University.

Ms Sandra Di Bartolomeo
Director

Appointed 20 November 2018

Sandra has significant experience as a banking and finance lawyer, specialising in corporate, construction, resources, energy and property financing. She was formerly a partner of a top tier national law firm, leading the Finance Division in Perth. Sandra has held various senior leadership positions with National Australia Bank Limited, including heading up the Corporate and Institutional Bank Legal Team in WA and Queensland. Sandra is also currently a member of the Liquor Commission of Western Australia.

Sandra previously held positions on the Art Gallery of Western Australia Foundation Council, Italian Chamber of Commerce & Industry Committee and the Commercial Law Committee of the Law Society of Western Australia. She holds a Bachelor of Laws from UWA, and postgraduate qualifications from both the Securities Institute of Australia and the Australian Institute of Management.

Ms Kirsty Laurie
Director

Appointed 21 November 2021

Kirsty has more than 20 years of experience across the WA and Commonwealth Governments, leading the Revenue and Intergovernmental Relations directorate of WA Treasury for the past 11 years and now heading up the directorate responsible for budget advice on Government Trading Enterprises. Prior to relocating to WA in 2010, she worked in the Commonwealth Industry Department and Commonwealth Treasury on issues including the 2000 Innovation Summit, the Ralph Review of Business Taxation, GST Policy, the Commonwealth Budget, the Future Fund and the Carbon Pollution Reduction Scheme. She also served as Manager of the Climate Change and Environment Unit, leading advisory efforts to Ministers on new climate change, energy efficiency and renewable energy policy proposals.

Kirsty received Honours in Applied Economics from the Australian National University and holds a Bachelor of Economics and a Bachelor of Arts in International Relations and French, both from the University of Queensland.

Mr Martin Reed
Director
Appointed 22 February 2022

Martin is a qualified mining engineer with more than 40 years of experience in operations management and project development across a range of commodities, international markets and business operations. He served as Chief Operating Officer and Project Manager for several metals companies, including Sandfire Resources, St Barbara Ltd, Paladin Energy Ltd and Windimurra Vanadium Ltd. Martin has substantial experience in all aspects of management, including leadership, stakeholder relations, policy and procedures development, and has a particular focus and expertise in growing companies from the exploration phase into the producer phase.

Martin has been a director of various public companies, including Saracen Mineral Holdings, Adamus Resources Limited (later merged with Endeavour Mining Corporation where he was also a director), and Toro Gold Limited (which later merged with Resolute Mining Limited).

Ms Gail Reynolds-Adamson
Director
Appointed 20 November 2018

Gail has held various roles in Aboriginal relations and is experienced in advocating for regional and Aboriginal communities. She has served on several boards and is currently Chairperson of the Esperance Tjaltjaraak Native Title Aboriginal Corporation and the South East Aboriginal Health Service. She is also a director of the Indigenous Land and Sea Corporation (ILSC), a member of South West Marine Parks Australia Committee (SWMPAC), and a member of the Aboriginal Advisory Council generally known as the Western Australian Aboriginal Advisory Council (WAAAC).

Attendance at Board meetings

The Board met for seven scheduled meetings throughout the year, with 10 circular resolutions, which are recognised as duly constituted Board meetings.

Table 9: Board of Directors' scheduled meeting attendance FY 2021/22

Director	Number of meetings attended	Number of meetings eligible to attend during the time the Director held office during the year
Samantha Tough	7	7
Peter Oates (term concluded 20 December 2021)	4	4
Mark Puzey (term commenced 21 December 2021)	3	3
Kylie Chamberlain (term concluded 31 December 2021)	4	4
Ivy Chen	7	7
Michael Court (term concluded 20 November 2021)	3	3
Sandra Di Bartolomeo	7	7
Kirsty Laurie (term commenced 21 November 2021)	4	4
Martin Reed (term commenced 22 February 2022)	3	3
Gail Reynolds-Adamson	3*	7

* Director Gail Reynolds-Adamson was on leave of absence as approved by the Board and notified to the Minister for Energy from 1 August 2021 to 1 February 2022.

Table 10: Board of Directors' terms of appointment

Director	Appointed	Expires
Samantha Tough	26 November 2019	25 November 2022
Peter Oates	11 November 2014	10 November 2017
Second term	26 October 2016	25 October 2019
Third term	26 November 2019	20 December 2021
Mark Puzey	21 December 2021	20 December 2024
Kylie Chamberlain	30 April 2018	31 December 2021
Ivy Chen	23 August 2020	26 November 2022
Michael Court	9 July 2019	20 November 2021
Sandra Di Bartolomeo	20 November 2018	9 August 2021
Second term	10 August 2021	9 August 2023
Kirsty Laurie	21 November 2021	20 November 2024
Martin Reed	22 February 2022	21 February 2025
Gail Reynolds-Adamson	20 November 2018	9 August 2021
Second term	10 August 2021	9 August 2023

Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) is a sub-committee of our Board of Directors. Its role is to help the Board discharge its responsibility to provide oversight of, and corporate governance for, the business. The ARMC is accountable, and reports, to the Board.

A key role of the ARMC is to provide assurance to the Board that Horizon Power's core business goals and objectives are being achieved in an efficient and cost-effective manner within an appropriate framework of internal control and risk management.

Internal control and risk management

The ARMC provides oversight of the identification of risks and threats to Horizon Power, as well as the processes by which those risks and threats are managed. The ARMC also assesses and provides oversight of the internal control and internal audit function.

Financial reporting

The ARMC provides oversight in relation to financial reporting by considering:

- whether Horizon Power's accounting policies and principles are appropriate
- significant estimates and judgements in the financial reports
- management's process for enabling compliance with laws, regulations and other requirements relating to Horizon Power's external reporting obligations
- information from the internal and external auditors regarding the quality of financial reports.

Relations with external auditors

The ARMC meets with the external auditors to discuss the scope and results of their audits and resolve any disagreements about matters raised with management.

Composition of the ARMC

The ARMC comprises:

- **Mr Peter Oates**
  Chairperson (term concluded 20 December 2021)
- **Mr Mark Puzey**
  Chairperson (term commenced 21 December 2021)
- **Ms Kylie Chamberlain**
  Director (term concluded 31 December 2021)
- **Ms Ivy Chen**
  Director (membership commenced 16 June 2022)
- **Mr Michael Court**
  Director (term concluded 20 November 2021)
- **Ms Sandra Di Bartolomeo**
  Director (membership concluded 16 June 2022)
- **Ms Kirsty Laurie**
  Director (term commenced 21 November 2021)

Table 11: ARMC meetings and attendance FY 2021/22

Director	Number of meetings attended	Number of meetings eligible to attend during the time the Director held office during the year
Peter Oates (term concluded 20 December 2021)	3	3
Mark Puzey (term commenced 21 December 2021)	3	3
Kylie Chamberlain (term concluded 31 December 2021)	3	3
Ivy Chen (membership commenced 16 June 2022)	0	0
Michael Court (term concluded 20 November 2021)	2	2
Sandra Di Bartolomeo (membership concluded 16 June 2022)	6	6
Kirsty Laurie (term commenced 21 November 2021)	4	4

Horizon Power team members and Board of Directors tour the switch room at the Pegs Creek zone substation in Karratha

People, Safety and Culture Committee

The People, Safety and Culture Committee (PSCC) is a sub-committee of our Board of Directors. It was established in June 2020 to help the Board discharge its responsibility to provide oversight of, and corporate governance for, the business. The PSCC is accountable, and reports, to the Board.

The PSCC's role is to consider and make recommendations to the Board, on matters relating to human resources, safety and corporate responsibility and to assist the Board with its oversight of Horizon Power's strategy, policies, practices and controls.

The PSCC assists the Board to discharge its responsibility to exercise due care, diligence and skill in relation to Horizon Power, by providing oversight of the following areas:

- matters in relation to Board composition including:
  - independence of Directors
  - composition of the Board, including assessing and recommending to the Board the appropriate mix of skills, knowledge, experience, independence and diversity to enable the Board to discharge its responsibilities effectively having regard to the execution of Horizon Power's strategic objectives, legal requirements and to the highest standards of corporate governance
  - recommendations to the Board in relation to the appointment and retirement of Directors
- the processes in place to review the performance of the Board including the Chief Executive Officer
- matters in relation to people and performance including:
  - the remuneration framework for senior management
  - Horizon Power's remuneration and employment policies, procedures and programs
- diversity within Horizon Power
- safety, health and wellness including matters relating to:
- occupational health and safety performance, policies and systems
  - health and wellness policies, practices and programs
- environmental management and sustainability
- corporate social responsibility and customer commitment
- Aboriginal and Torres Strait Islander commitment
- corporate governance.

Composition of the PSCC

The PSCC comprises:

- **Ms Sandra Di Bartolomeo**
  Chairperson
- **Ms Kylie Chamberlain**
  Director (term concluded 31 December 2021)
- **Ms Ivy Chen**
  Director (membership concluded 16 June 2022)
- **Mr Martin Reed**
  Director (membership commenced 16 June 2022)
- **Ms Gail Reynolds-Adamson**
  Director

Table 12: PSCC meetings and attendance FY 2021/22

Director	Number of meetings attended	Number of meetings eligible to attend during the time the Director held office during the year
Sandra Di Bartolomeo	4	4
Kylie Chamberlain (term concluded 31 December 2021)	2	2
Ivy Chen (membership concluded 16 June 2022)	4	4
Martin Reed (membership commenced 16 June 2022)	0	0
Gail Reynolds-Adamson	0*	4

* Director Gail Reynolds-Adamson was on leave of absence as approved by the Board and notified to the Minister for Energy from 1 August 2021 to 1 February 2022.

Governance and corporate compliance disclosures

In compliance with the accountability provisions of the *Electricity Corporations Act 2005* (WA) (the Act), we provided the Minister for Energy with a quarterly report for the first three quarters of the 2021/22 financial year and this Annual Report for the entire financial year.

Each of the quarterly performance reports were submitted to the Minister for Energy one month after the end of the quarter. Each report included an overview of performance and highlights of important achievements.

This Annual Report will be provided to the Minister for Energy within the time specified by the Act and includes:

- consolidated financial statements and other statutory information required under the Act
- a comparison of performance with Statement of Corporate Intent targets
- other information required by the Act to be included.

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

- a five-year Strategic Development Plan and a one-year Statement of Corporate Intent
- a separate report on employee compliance with any issued codes of conduct
- any specific information in our possession requested by the Minister for Energy.

A copy of the Annual Report will also be provided to the Public Sector Commissioner, as required by the Act.

Changes in written law

The Pilbara Network Rules (PNR) was amended several times throughout the 2021/22 financial year, primarily to resolve minor inconsistencies within the document. The most significant change made to the PNR was the extension of the transitional arrangements implemented under Appendix 4 until 1 July 2023.

The transitional arrangements were extended to allow the newly implemented Independent System Operator (ISO) sufficient time to establish the necessary frameworks, protocols, procedures and procurement processes for the effective operations of the North West Interconnected System (NWIS) prior to taking on its functions under the PNR.

Likely developments in operations in future years

In 2018 the State Government announced that Horizon Power's NWIS transmission and distribution assets in the Pilbara would become an open access network for third parties (coverage).

This coverage is under a new Pilbara Network Access Code (PNAC) and became effective as of 1 July 2021. Coverage under the PNAC means that third parties will have access to Horizon Power's Pilbara network and be able to compete with our retail business to provide electricity services to new and existing customers whose annual consumption exceeds 1,200 MWh.

During the first six months of coverage, a transition phase was underway which enabled us to establish a suite of material to facilitate customer access to our Pilbara networks. Public consultation occurred before the material was finalised and published for use under the new regime. The transition phase ended on 7 January 2022, with the PNAC coming into full effect from this date.

The ISO (still in its transitional phase) commenced fortnightly coordination meetings with the three registered network service providers (NSP) in the NWIS to begin realising the benefits of open communication and collaborative outage planning. The ISO also entered into an interim delegation arrangement with Horizon Power to perform real-time system coordination functions.

The ISO has commenced works on combining the three separate NSP network models into a single, whole of system model. Once the whole of system model is verified, the ISO can begin playing a more pivotal role in managing system security, including procuring essential system services and supporting network access applications.

This new regime is expected to support the enormous potential of Pilbara industries by enabling common use of the electricity supply infrastructure on our Pilbara network. This will further act as an enabler for decarbonisation by lowering barriers of entry for large-scale renewables into the Pilbara system, supporting the region along a pathway to net zero emissions.

Shares in statutory authorities

N/A

Declarations of interest

Our Code of Conduct and Conflicts of Interest Policy are endorsed by the Board and executive and provide all employees with information on what constitutes a conflict of interest and how one should be managed. A conflict of interest may arise in a number of situations involving the interests of Horizon Power and the interests of the relevant individual.

Members of the Board are required to declare any interests at all Board meetings.

Indemnification of Directors

The Directors' and Officers' Liability Insurance Policy insures (amongst others) Horizon Power's Directors and officers, shadow directors and employees, and covers all loss resulting from a claim made against an insured person during the policy period, subject to any exclusions set out in the policy. At the date of this report no claims have been made against the Directors' and officers' component of the policy.

Horizon Power has also entered into deeds of indemnity, insurance and access with its Directors. Under these deeds, Horizon Power agrees to indemnify Directors in respect of certain liabilities incurred while acting as a Director of Horizon Power. The indemnity includes liabilities of a civil nature owed to persons (other than Horizon Power) incurred by the Director unless the liability arises out of conduct involving a lack of good faith.

Since last year, Horizon Power has entered into deeds of indemnity, insurance and access with Kirsty Laurie, Mark Puzey and Martin Reed.

Emoluments paid to Board of Directors and senior executives

Board members are appointed by the State Government under the *Electricity Corporations Act 2005* (WA) following State Government approval processes that also outline the compensation payable for their services.

The Chief Executive Officer's remuneration is determined by the Salaries and Allowances Tribunal, and performance is assessed by the Board annually against key performance indicators listed in our Strategic Development Plan.

Senior executive salaries were reviewed and set in 2022, and paid in accordance with market evaluations and our human resource policies.

Remuneration settings have been changed to align with State Government policy.

Principles used to determine the nature and amount of compensation

Compensation approval protocols are as follows:

- provide market-competitive remuneration to employees, having regard to both the level of work assigned and the effectiveness of performance
- allocate remuneration to employees on the basis of merit and performance
- adopt performance measures that align the interests of employees with the interests of key stakeholders.

Non-executive Directors

Payment to Non-executive Directors consists of base remuneration and superannuation.

Chief Executive Officer and executives

The Chief Executive Officer and executives' compensation framework is based on a total package that includes total fixed remuneration structures with:

- cash
- selection of prescribed non-financial benefits
- superannuation
- cost of fringe benefits tax.

Total fixed remuneration

The compensation framework is market-competitive and performance-based, with flexibility for the package to be structured at the executive's discretion upon a combination of cash, a selection of prescribed non-financial benefits, superannuation and cost of fringe benefits tax.

External remuneration consultants provide analysis and advice to ensure remuneration is set to reflect the market for a comparable role. Remuneration for executives is reviewed annually to ensure the level is market-competitive. There are no guaranteed remuneration increases included in any executive contracts.

Non-financial benefits

Selection available: cost of novation of selected motor vehicle and the cost of fringe benefits tax.

Superannuation

Paid in accordance with the amount required under the *Superannuation Guarantee (Administration) Act 1992* (Cth) on the executive's behalf to a superannuation fund that is a complying superannuation fund within the meaning of that Act.

Table 13: Board of Directors' remuneration* for FY 2021/22[1]

Total remuneration band $	Number of Directors		Short term $'000				Post employment $'000				Total $'000	
			Salary and fees		Other		Super		Termination			
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
0-24,999	1	2	7.8	19.4	-	-	0.7	1.9	-	-	8.5	21.3
25,000-49,999	4	5	41.3	35.6	-	-	4.1	3.6	-	-	45.4	39.2
50,000-74,999	1	-	57.7	-	-	-	5.7	-	-	-	63.4	-
75,000-99,999	1	1	91.3	95	-	-	9	9.5	-	-	100.3	104.5
100,000-124,999	-	-	-	-	-	-	-	-	-	-	-	-
125,000-150,000	-	-	-	-	-	-	-	-	-	-	-	-

*Where there is more than one Director in the remuneration band the average remuneration is shown.

Note

1. Michael Court and Kirsty Laurie are government representatives and not remunerated by Horizon Power.

Table 14: Executive remuneration* for FY 2021/22

Total remuneration band $	Number of staff		Short term $'000				Post employment $'000				Total $'000	
			Salary and fees		Other		Super		Termination			
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
0-249,000	-	-	-	-	-	-	-	-	-	-	-	-
250,000-349,999	1	2	328.3	314.8	-	-	21.7	23.6	-	-	350	338.4
350,000-424,999	4	4	369.3	380.9	-	-	28.9	31	-	-	398.2	411.9
425,000-499,999	1	-	447.3	-	-	-	24.5	-	-	-	471.8	-
500,000-574,999	1	1	527.5	538.1	-	-	35.7	27.5	-	-	563.2	565.6
575,000-625,000	-	-	-	-	-	-	-	-	-	-	-	-

*Where there is more than one executive in the remuneration band the average remuneration is shown.

Legislation

The *Electricity Corporations Act 2005* (WA) establishes Horizon Power as a corporation with responsibility for the provision of electricity outside the South West Interconnected System (SWIS) and sets out the powers and duties of the corporation.

Electricity licences

The *Electricity Industry Act 2004* (WA) requires participants who generate, transmit, distribute or retail electricity in WA to obtain a licence to operate. Licences are issued by the Economic Regulation Authority (ERA or the Authority). We were issued with an Integrated Regional Licence on 30 March 2006.

The Integrated Regional Licence requires us to comply with a number of codes, including:

- *Code of Conduct for the Supply of Electricity to Small Use Customers 2018*
- *Electricity Industry (Network Reliability and Quality of Supply) Code 2005*
- *Electricity Industry (Metering) Code 2005.*

Compliance with other legislation

We have a number of controls and systems in place that support the business in complying with all legislation and regulations affecting its activities. This includes an online compliance register.

Restriction on the area within which we may operate

Within WA, the performance of our functions is limited to those parts of the State that are not serviced by the SWIS.

Observance of the Code of Conduct

Section 33 of the *Electricity Corporations Act 2005* (WA) (Act) requires the Board of Horizon Power to provide to the Minister for Energy, at the same time as delivering its Annual Report, a separate report on the observance of its Code of Conduct by staff.

The Board confirms that Horizon Power's Code of Conduct was updated and adopted by the Board at its meeting in June 2020.

Employees, Directors and certain contractors are required to observe the required standards of conduct and integrity as set out in the Code of Conduct.

During the year there were one minor and one serious misconduct matters that were reported to the Public Sector Commission (PSC) and Corruption and Crime Commission (CCC), respectively. Both matters have been closed during the year.

Shared responsibility with other agencies

We did not share any responsibilities with other agencies during the 2021/22 financial year.

State Records Act 2000

We maintain and support high-quality record-keeping practices in our day-to-day business activities. The function of managing records resides within individual business divisions.

All records are managed according to the requirements of the *State Records Act 2000* and our approved record-keeping plan.

Our record-keeping plan is reviewed annually to ensure currency and updates are submitted to the Minister for Energy and State Records for approval.

Regular reviews of record-keeping systems and practices are conducted as required to ensure efficiency and effectiveness. Training programs for core systems, supplemented by the provision of relevant information on the business' intranet, are provided and reviewed to ensure they reflect new business requirements.

Our online employee induction includes the business' Code of Conduct, which explains an employee's responsibilities with respect to information and knowledge management. We regularly review our induction process to ensure it includes all relevant information for employees and will continue to refine this process. Additional information about this is easily accessible to all employees on our intranet.

Western Australian Electoral Act 1907

In accordance with the requirements of Section 175ZE of the *Western Australian Electoral Act 1907*, the following information is presented in respect of all expenditure (excluding GST) incurred during the financial period ended 30 June 2022 as shown below.

Table 15: *Western Australian Electoral Act 1907* expenditure FY 2021/22

Agency type	Agency/organisation name	Amount
Advertising agencies	Wunderman Thompson, The Brand Agency, Rare Creative Thinking, Function Creative	$1,267,578.11
Market research organisations	CoreData, Faster Horses, The Brand Agency, Thinkfield	$238,457.50
Polling organisations	N/A	N/A
Direct mail organisations	Campaign Monitor	$1,537.25
Media advertising organisations	Hearts & Science	$413,585.60
		$1,921,158.46

Environmental regulations

The primary environmental legislation in WA is the *Environmental Protection Act 1986*, which gives rise to many regulations. The main regulations relevant to us include, but are not limited to:

- *Environmental Protection Regulations 1987* provide generally for the prevention and control of pollution and ensure that appropriate processes are established to manage pollution, noise and other environmental impacts generated by construction and operations
- *Environmental Protection (Controlled Waste) Regulations 2004* provide for the licensing of carriers, drivers and vehicles involved in the transportation of controlled waste on public roads
- *Environmental Protection (Native Vegetation Clearing) Regulations 2004* protect all native vegetation in Western Australia. Clearing native vegetation is prohibited, unless a clearing permit is granted by the Department of Water and Environmental Regulation or the clearing is for an exempt purpose
- *Environmental Protection (Unauthorised Discharges) Regulations 2004* provide for the prevention of unauthorised discharge of potentially environmentally harmful materials
- *Environmental Protection (Noise) Regulations 1997* provide for noise emitted on a premises or public place and received on another premises.

We operate in accordance with other relevant environmental obligations, which include, but are not limited to:

- *Environmental Protection and Biodiversity Conservation Act 1999 (Cth)*
- *Contaminated Sites Act 2003*
- *Dangerous Goods Safety Act 2004*
- *National Greenhouse and Energy Reporting Act 2007*
- *National Environment Protection (National Pollutant Inventory) Measure 1998*
- *Biodiversity Conservation Act 2016*
- *Wildlife Conservation Act 1950.*

Our performance in relation to environmental obligations is discussed further in the Environment and Heritage section.

Operations during the 2021/22 financial year

The *Electricity Corporations Act 2005* WA stipulates the specific and general information that is to be reported within the Directors' report for the current financial year.

To avoid duplication of content, please refer to the operational performance report section for a review of our operations during the financial year and the results of those operations.

Financial performance

We achieved a net profit after tax of $10.4 million, compared to $17 million in the prior financial year. The decline in profit is mainly attributable to the parallel costs associated with the new power station in Esperance, a change in cloud accounting treatment in line with changes in the application of Australian Accounting Standards and greater investments in operational projects targeted to deliver long-term operational efficiencies and improved safety.

We recorded a 3.2% increase in total income for the year compared to last year ($555.7 million in FY 2021/22 v $538.6 million in FY 2020/21). The increase was primarily attributable to higher energy sales, increased revenue from contract works for customers, higher network revenue and an unrealised gain on commodity hedging.

The increase in energy sales (+$7.1 million, from $322.9 million in FY 2020/21 to $330 million in FY 2021/22), is primarily attributable to higher energy sales resulting from the uplift in mining activities driving energy sales in the Pilbara, and increased tourism activities in regional WA following interstate and international travel restrictions earlier in the year.

Electricity and fuel purchases were up 4.4% this year, ($236.8 million in FY 2021/22 v $226.9 million in FY 2020/21), mainly attributable to increased sales, and the parallel costs associated with the new power station in Esperance becoming operational.

Operating expenses increased by 10.9% ($144.8 million in FY 2021/22 v $130.6 million in FY 2020/21) mainly due to a change in the accounting treatment of cloud computing and higher costs on operational projects that will deliver a long-term increase in operational efficiencies and improved safety.

Depreciation and amortisation costs were higher due to an increase in capital base, attributable to digitisation of processes leading to software development and integration as Horizon Power continues to digitise its key processes.

Finance costs were lower than in the previous year due to a lower interest rate and higher cash balances.

Balance sheet

Our net assets amounted to $640.7 million, recording an increase of $34.4 million compared to previous year.

There was an increase in contributed equity from the WA Government of $24.0 million to fund two key renewable energy projects: the electric vehicle charging infrastructure and the installation of solar and battery solutions in our remote microgrid systems.

Our asset base is $1,990.0 million, including $1,289.6 million of property, plant and equipment.

Capital expenditure

We delivered a $121.4 million capital expenditure program in FY 2021/22. Major expenditures for the year were $55.5 million on the Asset Management Plan; $34.1 million on COVID-19 WA Recovery Plan; $7.2 million on the Utility of the Future (UotF) project; $5.9 million on the refurbishment of the Denham power station and hydrogen demonstration plant; $4.9 million on solar and battery solutions in remote systems and $3.3 million on the buy-out of power stations in three remote towns.

Dividends

As requested by the WA Government, the dividend was retained to finance the UotF project to deliver digital solutions to enable and expedite the transition toward a clean energy future.

Millstream Chichester National Park, West Pilbara

Regional Power Corporation trading as Horizon Power financial statements

For the year ended 30 June 2022

ABN: 57 955 011 697

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Statement of comprehensive income

	Notes	30 June 2022 $'000	30 June 2021 $'000
Revenue	1(b)	**368,217**	353,535
Other income	2(b)	**187,500**	185,076
Total income		**555,717**	538,611
Electricity and fuel purchases	3(b)	**(236,820)**	(226,936)
Employee benefits expense	3(b)	**(73,928)**	(71,510)
Materials and services	3(b)	**(64,266)**	(47,996)
Depreciation and amortisation expense	3(b)	**(104,925)**	(99,066)
Other expenses	3(b)	**(6,651)**	(11,082)
Finance costs	3(b)	**(53,817)**	(57,885)
Profit before income tax equivalent expense		**15,310**	24,136
Income tax equivalent expense	4(b)	**(4,925)**	(7,184)
Profit for the year		**10,385**	16,952
Other comprehensive income			
Items not to be reclassified subsequently to profit or loss			
Re-measurement of defined benefits plan		**53**	131
Tax equivalent on re-measurement of defined benefits plan	4(d)	**(16)**	(39)
		37	92
Other comprehensive loss for the year, net of tax equivalent		**37**	92
Total comprehensive income for the year		**10,422**	17,044

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

	Notes	30 June 2022 $'000	30 June 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**154,079**	144,868
Receivables	7	**48,005**	40,811
Current tax equivalent assets	5	**2,894**	1,633
Inventories	8	**12,400**	11,605
Intangible assets	9	**1,427**	1,173
Financial instruments	17	**3,925**	1,469
Other current assets		**4,641**	3,308
Total current assets		**227,371**	204,867
Non-current assets			
Property, plant and equipment	10	**1,289,608**	1,259,484
Right-of-use asset	11	**260,448**	201,055
Work in progress	12	**139,695**	105,273
Intangible assets	9	**26,448**	32,749
Investment in joint venture	20	**553**	518
Other non-current assets		**3,965**	3,639
Deferred tax equivalent assets	5	**41,929**	44,797
Total non-current assets		**1,762,646**	1,647,515
Total assets		**1,990,017**	1,852,382
LIABILITIES			
Current liabilities			
Payables	13	**85,714**	88,535
Provisions	14	**20,018**	19,156
Interest bearing liabilities	15	**123,989**	89,728
Total current liabilities		**229,721**	197,419
Non-current liabilities			
Payables	13	**68,570**	70,444
Provisions	14	**15,076**	13,549
Retirement benefit obligations		**1,262**	1,364
Interest bearing liabilities	15	**1,034,669**	963,325
Total non-current liabilities		**1,119,577**	1,048,682
Total liabilities		**1,349,298**	1,246,101
Net assets		**640,719**	606,281
EQUITY			
Contributed equity	18	**416,113**	392,097
Retained earnings		**224,606**	214,184
Total equity		**640,719**	606,281

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Notes	Contributed equity $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2020		392,097	203,822	595,919
Profit for the year		-	16,952	16,952
Other comprehensive income, net of tax equivalent		-	92	92
Total comprehensive income for the year		-	17,044	17,044
Transactions with owners in their capacity as owners:				
Dividends paid	19	-	(6,682)	(6,682)
Total		-	(6,682)	(6,682)
Balance at 30 June 2021		392,097	214,184	606,281
Balance at 1 July 2021		**392,097**	**214,184**	**606,281**
Profit for the year			**10,385**	**10,385**
Other comprehensive income, net of tax equivalent		**-**	**37**	**37**
Total comprehensive income for the year		**-**	**10,422**	**10,422**
Transactions with owners in their capacity as owners:				
Net contributions of equity, net of transaction costs and tax equivalent	18	**24,016**	**-**	**24,016**
Total		**24,016**	**-**	**24,016**
Balance at 30 June 2022		**416,113**	**224,606**	**640,719**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Notes	30 June 2022 $'000	30 June 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**398,421**	381,529
Developer and customer contributions		**10,925**	8,747
Receipts of Tariff Equalisation Contribution (TEC)		**187,000**	185,000
Net GST and fuel tax credits received		**14,250**	10,043
Interest received		**139**	106
Payments to suppliers and employees (inclusive of GST)		**(530,731)**	(459,850)
Finance costs paid		**(21,733)**	(23,529)
Receipts/payment for financial assets at fair value through profit or loss		**1,047**	(279)
Income taxes equivalent paid		**(3,330)**	(5,456)
Net cash inflow from operating activities	6(c)	**55,988**	96,311
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**700**	76
Payments for property, plant and equipment		**(118,406)**	(75,935)
Payments for intangibles		**(4,442)**	(19,404)
Investment in joint venture		**-**	(499)
Net cash outflow used in investing activities		**(122,148)**	(95,762)
Cash flows from financing activities			
Proceeds from borrowings		**195,000**	95,000
Repayment of borrowings		**(143,635)**	(33,908)
Dividends paid		**-**	(6,682)
Proceeds from contributed equity	18	**24,016**	-
Customer Extension Scheme - refunds		**(10)**	(10)
Net cash inflow from financing activities		**75,371**	54,400
Net increase in cash and cash equivalents		**9,211**	54,949
Cash and cash equivalents at the beginning of the financial year		**144,868**	89,919
Cash and cash equivalents at end of year	6(b)	**154,079**	144,868

The above statement of cash flows should be read in conjunction with the accompanying notes.

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Corporation information

The financial statements of Regional Power Corporation, trading as Horizon Power ("Horizon Power" or "the Corporation") for the year ended 30 June 2022, were authorised for issue in accordance with a resolution of the Directors on 6 September 2022. The Directors have the power to amend and reissue the financial report.

Horizon Power is a not-for-profit public sector entity incorporated under the *Electricity Corporations Act 2005* and domiciled in Australia. Its registered office is at 1 Stovehill Road, Karratha.

The Corporation's principal activities include the generation, procurement, distribution and selling of electricity to residents and businesses in remote and regional Western Australia.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of Schedule 4 of the *Electricity Corporations Act 2005*.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Corporation's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Corporation's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax equivalent assets and liabilities are always classified as non-current.

Statement of compliance

The financial statements comply with Australian Accounting Standards, as applicable to not-for-profit entities as well as the *Electricity Corporations Act 2005*.

Accrual accounting and historical cost convention

These financial statements have been prepared on the historical cost convention except for derivative financial instruments that are measured at their fair value as at the reporting date. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods.

Comparative amounts

Comparative amounts are for the period from 1 July 2020 to 30 June 2021.

There have been minor reclassifications within the same group of accounts to align to current year presentation but no restatement of comparative figures.

Going concern

The financial statements are prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, as at June 2022 the Corporation had net current liabilities of $2,350,000.

The Directors believe that it is reasonably foreseeable that the Corporation will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- the net cash inflow from operations amounting to $55,988,000 (refer to Note 6c) indicates that the Corporation's ongoing operations generate sufficient cash flow to cover its usual operations, to pay interest on its debts and to pay income taxes
- under a Master Lending Agreement with the Western Australian Treasury Corporation, the Corporation's borrowing facilities for financial year ending June 2023 increased by $36,607,000 to $840,400,000, which includes a working capital facility of $30,000,000
- under the *Electricity Industry Act 2004* (WA) Horizon Power receives subsidies to ensure it has the cash required for its operating activities. The subsidies include the Tariff Equalisation Contribution (TEC), which covers the difference between the revenue from uniform tariffs and the efficient cost of supply of electricity to persons in areas outside of the South West Interconnected System. TEC is legislated and has been gazetted at $175,000,000 for the financial year 2023.

Economic dependency

A significant portion of Horizon Power's revenue is derived from the Tariff Equalisation Fund (TEF), which is provided in accordance with the *Electricity Industry Act 2004*. Western Power pays money into the TEF in amounts determined by the Treasurer and the Minister for Energy. This money is released to Horizon Power as determined by the Treasurer. Horizon Power has a significant dependency on the sufficient and timely flow of these funds to effectively remain a going concern entity to continue carrying out its objectives, obligations and commitments in the foreseeable future. Horizon Power began receiving revenue from the TEF from October 2006.

Foreign currency translation

The functional and presentation currency of Horizon Power is Australian dollars (AUD).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates prevailing at the date of the transaction. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences in monetary assets and monetary liabilities currency translation are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item. All other gains or losses arising on the translation of non-monetary items are recognised in profit or loss.

Significant accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The areas where estimates and assumptions are significant to the financial statements as a higher degree of judgement or complexity is involved, are listed below and described in more detail in the related notes:

- allowance for expected credit loss (Note 7 (c))
- impairment of intangibles assets (Note 9 (a) (vi))
- useful life of property, plant and equipment (Note 10 (a) (vi))
- impairment of property, plant and equipment (Note 10 (a) (vii))
- provision for employee benefits – annual leave and long service leave (Note 14 (a) (i))
- provision for restoration and decommissioning costs (Note 14 (a) (ii))
- lease liabilities incremental borrowing rate (Note 15 (a) (iv))
- commitments (Note 25).

New and amended accounting standards and interpretations

New and amended accounting standards adopted

Horizon Power has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Reference	Title	Summary	Application date of standard	Impact on entity financial report	Application date for entity
AASB 2020-3	**Amendments to Australian Accounting Standards – Annual Improvements to IFRS Standards 2018–2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141]**	• AASB 116 Property, Plant and Equipment (PP&E) – prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. • AASB 137 – clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022	The adoption of these amendments did not have a material impact on Horizon Power.	1 July 2021

Horizon Power also elected to adopt the following amendments early:

Reference	Title	Summary	Application date of standard	Impact on entity financial report	Application date for entity
AASB 2020-1	**Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current [AASB 101]**	• The narrow-scope amendments to AASB 101 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what AASB 101 means when it refers to the 'settlement' of a liability.	1 January 2023	Applying this amendment did not change the disclosure of Horizon Power's current or non-current liabilities.	1 July 2021

New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for adoption by 30 June 2022 reporting periods and have not been adopted early by Horizon Power. The assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the Corporation in the current or future reporting periods or on foreseeable future transactions.

Reference	Title	Summary	Application date of standard	Impact on entity financial report	Application date for entity
AASB 2021-5	**AASB 2021-5 Amendments to Australian Accounting Standards –Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]**	• The amendments to AASB 112 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: – right-of-use assets and lease liabilities – decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.	1 January 2023	The impact if any is still to be assessed by Horizon Power	1 July 2023
AASB 2014-10	**AASB 2014-10 Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture**	• The AASB has made limited scope amendments to AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in AASB 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.	1 January 2025	The impact if any is still to be assessed by Horizon Power	1 July 2025

Profit for the reporting year

1. Revenue

(a) Accounting policy

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Horizon Power and the revenue can be reliably measured. It is valued at the fair value of the consideration received, or to be received, net of the amount of goods and services tax (GST). The following specific recognition criteria must also be met before revenue is recognised.

(ii) Sale of electricity

Sale of electricity comprises revenue earned from the provision of electricity and is recognised once the performance obligations have been met during the period, which is at the point in time electricity is delivered to the customers, less rebates/concessions allowed to entitled customers. As at each reporting date, sales and receivables incorporate amounts attributable to 'unbilled sales', which relate to electricity delivered to customers that have not been billed at the reporting date.

(iii) Community service obligations

Community service obligations (CSOs) are obligations to perform functions, on behalf of the WA Government (State Government), that are not in the commercial interests of Horizon Power. Where the Government agrees to reimburse Horizon Power for the cost of CSOs, the entitlement to reimbursement is recognised in the statement of comprehensive income on a basis consistent with the associated CSO expenses. Horizon Power recognises revenue in respect of the reimbursement of CSOs including:

- Air Conditioning Rebate
- Power for Remote Water and Waste Water Service
- Energy Assistance Payments
- Dependent Child Rebates
- Feed-in Tariff rebates
- Tariff Adjustment Payments
- Tariff Migration Payments.

(iv) Developer and customer contributions

Horizon Power receives developer and customer contributions toward the extension of electricity infrastructure to facilitate network connection. Contributions can be in the form of either cash or assets and consist of:

- work performed for developers - developers make cash contributions to Horizon Power for the construction of electricity infrastructure within a subdivision
- upgrade and new connections - customers (including generators) make cash contributions for the upgrade or extension of electricity infrastructure to existing lots or for the construction of electricity infrastructure to new lots in existing areas
- handover works - developers have the option to independently construct electricity infrastructure within a subdivision. Upon approval by Horizon Power of the completed work, these network assets are vested in Horizon Power.

1. Revenue (continued)

(a) Accounting policy (continued)

(iv) Developer and customer contributions (continued)

Cash contributions and network assets are recognised as revenue at the point in time when the customers/ developers are connected to the network in accordance with the terms of the contributions. Vested assets are recognised as revenue at the point of handover and are measured at their fair value. The network assets resulting from contributions received are recognised as property, plant and equipment and depreciated over their useful life.

(v) Network revenue

Network revenue is recognised when the service is provided to the customer, which is at the point in time the network is used. The consideration invoiced for network services consists mainly of fixed access charge.

(vi) Revenue from contract works

Revenue from contract works is recognised at the point in time the products or services have been delivered to the customer. Contract works include installation of renewable energy equipment, design works and high-load escorts.

(vii) Revenue from grants

Grants are recognised upon achievement of funding agreement milestones.

(b) Amounts recognised in statement of comprehensive income

	30 June 2022 $'000	30 June 2021 $'000
Revenue consists of the following items:		
Sale of electricity	**329,977**	322,897
Community service obligations revenue	**2,779**	6,098
Developer and customer contributions	**4,732**	2,139
Network revenue	**13,496**	12,535
Revenue from contract works	**6,118**	2,538
Grants	**1,070**	1,438
Unrealised hedging gain	**2,456**	1,469
Revenue from joint controlled operations	**2,092**	805
Others	**5,497**	3,616
	368,217	353,535

	30 June 2022 $'000	30 June 2021 $'000
Timing of Revenue Recognition:		
Services transferred at a point in time	**367,147**	352,097
Services transferred over time	**1,070**	1,438
	368,217	353,535

2. Other income

(a) Accounting policy

Tariff Equalisation Contribution

A significant portion of Horizon Power's income, Tariff Equalisation Contribution (TEC), is derived from the TEF. Electricity Networks Corporation, trading as Western Power, pays money into the TEF in amounts determined by the Treasurer and the Minister for Energy. This money is released to Horizon Power as determined by the Treasurer and the Minister for Energy and is recognised on a receipts basis.

(b) Amounts recognised in statement of comprehensive income

	30 June 2022 $'000	30 June 2021 $'000
Tariff Equalisation Contribution	**187,000**	185,000
Gain on disposal of property, plant and equipment	**500**	76
	187,500	185,076

3. Expenses

(a) Accounting policy

(i) Electricity and fuel purchases

Electricity and fuel purchases are those costs attributable to the integrated manufacturing process involved in the generation and transformation of electricity into a saleable commodity. It includes costs associated with purchasing fuel and electricity.

Electricity purchased from independent generators is recognised at the contracted price on an accrual basis.

Liquid fuel costs are assigned on the basis of weighted average cost. Gas costs comprise payments made under sale and purchase agreements.

Costs to operate and maintain the electricity transmission and distribution systems are recognised on an accrual basis.

(ii) Finance costs

Finance costs include:

- amortisation of ancillary costs incurred in connection with the arrangement of borrowings
- amortisation of discounts or premiums relating to borrowings
- discount rate adjustment for the movement in present value over time in connection with the Contributory Extension Scheme payables and decommissioning costs
- finance charges in respect of leases recognised
- interest on bank overdrafts, short-term and long-term borrowings
- guarantee fees on borrowings from the Western Australian Treasury Corporation (WATC).

3. Expenses (continued)

(b) Amounts recognised in statement of comprehensive income

	30 June 2022 $'000	30 June 2021 $'000
Electricity and fuel purchases		
Electricity purchases	**179,792**	175,413
Fuel purchases	**56,643**	51,140
Water purchases	**385**	383
Total electricity and fuel purchases	**236,820**	226,936
Employee benefits expense		
Salaries, wages and allowances	**52,317**	49,547
Superannuation	**7,706**	7,065
Annual leave	**5,071**	4,885
Long service leave	**870**	2,534
Payroll tax	**4,532**	4,213
Other related expenses	**3,432**	3,266
Total employee benefits expenses	**73,928**	71,510
Materials and services		
Contracted services	**34,817**	23,835
Materials	**10,318**	6,965
IT services	**7,311**	6,798
Consultant services	**5,546**	4,505
Customer services	**3,240**	2,793
Other services	**3,034**	3,100
Total materials and services	**64,266**	47,996
Depreciation		
Generation	**11,614**	10,791
Network	**43,600**	39,735
Plant and equipment	**6,779**	8,232
Right-of-use assets	**29,947**	29,680
Buildings	**2,570**	2,459
Total depreciation	**94,510**	90,897
Amortisation		
Computer software	**10,415**	8,169
Total amortisation	**10,415**	8,169
Total depreciation and amortisation	**104,925**	99,066
Other expenses		
Property expenses	**4,934**	4,840
Allowance for expected credit losses	**1,260**	1,624
Other	**457**	4,618
Total other expenses	**6,651**	11,082
Finance costs		
Lease liability interest	**27,644**	30,583
Interest on debts	**21,725**	22,826
Unwinding of discount on decommissioning provision	**163**	86
Unwinding of discount on Contributory Extension Scheme	**1**	4
Interest other	**4,284**	4,386
Total finance costs	**53,817**	57,885

4. Income tax equivalent expense

(a) Accounting policy

(i) National Taxation Equivalent Regime (NTER) and other taxes

The calculation of the liability in respect of Horizon Power's taxes is governed by the Income Tax Administration Acts and the NTER guidelines as agreed by the Western Australian State Government.

Income tax equivalent expense on the statement of comprehensive income for the reporting period comprises current and deferred equivalent tax. Income tax equivalent expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income.

Current tax equivalent liability is the expected tax equivalent payable on the taxable equivalent income for the reporting period using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred income equivalent tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax equivalent liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax equivalent assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income equivalent tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- when the deductible temporary differences are associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax equivalent assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax equivalent assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

4. Income tax equivalent expense (continued)

(a) Accounting policy (continued)

(i) National Taxation Equivalent Regime (NTER) and other taxes (continued)

Deferred income tax equivalent assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax equivalent assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax equivalent assets against current tax equivalent liabilities and the deferred tax equivalent assets and liabilities relate to the same taxable entity and the same taxation authority.

(ii) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(b) Amounts recognised in statement of comprehensive income

Income tax equivalent expense

	30 June 2022 $'000	30 June 2021 $'000
Current tax	**3,567**	10,723
Deferred tax	**1,994**	(2,841)
Adjustments for net deferred tax assets and liabilities of prior period	**874**	(171)
Adjustments for current tax of prior periods	**(1,510)**	(527)
	4,925	7,184
Deferred income tax equivalent expense/(benefit) included in income tax equivalent expense comprises:		
(Increase)/decrease in deferred tax equivalent assets (Note 5(b)(i))	**(15,961)**	5,776
Increase/(decrease) in deferred tax equivalent liabilities (Note 5(b)(ii))	**17,955**	(8,617)
	1,994	(2,841)

4. Income tax equivalent expense (continued)

(c) Numerical reconciliation of income tax equivalent expense to prima facie tax equivalent payable

	30 June 2022 $'000	30 June 2021 $'000
Profit before income tax equivalent expense	**15,310**	24,136
Tax at the Australian tax rate of 30.0% (2021 - 30.0%)	**4,593**	7,241
Non-temporary tax adjustments:		
Research and development non-deductible depreciation	**920**	601
Non-deductible and other	**48**	40
Adjustments for net deferred tax assets and liabilities of prior period	**874**	(171)
Adjustments for current tax of prior periods	**(1,510)**	(527)
Total income tax equivalent expense	**4,925**	7,184

(d) Amounts recognised directly in other comprehensive income

	30 June 2022 $'000	30 June 2021 $'000
Net deferred tax equivalent - recognised directly in other comprehensive income, in relation to:		
– Re-measurement on defined benefit plans	**(16)**	(39)
	(16)	(39)

Operational assets and liabilities

5. Tax equivalent assets and liabilities

(a) Accounting policy

Refer to Note 4(a) (i) for details of Horizon Power's 'deferred tax equivalents' accounting policy.

(b) Amounts recognised in statement of financial position

(i) Deferred tax assets

	30 June 2022 $'000	30 June 2021 $'000
The balance comprises temporary differences attributable to:		
Lease liabilities	**106,592**	90,320
Provisions	**12,349**	11,901
Community service obligation	**3,215**	3,254
Property, plant and equipment	**24**	25
	122,180	105,500
Other		
Accrual	**232**	214
Contributory Extension Scheme	**153**	153
Other	**(1,217)**	(480)
Sub-total other	**(832)**	(113)
Total deferred tax assets	**121,348**	105,387
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 5(b)(ii))	**(79,419)**	(60,590)
Net deferred tax assets	**41,929**	44,797

	30 June 2022 $'000	30 June 2021 $'000
Movements:		
Opening balance	**105,387**	111,162
Charged to profit or loss (Note 4(b))	**15,961**	(5,776)
Adjustments for deferred tax equivalent assets of prior periods	**-**	1
	121,348	105,387

5 Tax equivalent assets and liabilities (continued)

(b) Amounts recognised in statement of financial position (continued)

(ii) Deferred tax equivalent liabilities

	30 June 2022 $'000	30 June 2021 $'000
The balance comprises temporary differences attributable to:		
Right-of-use assets	**78,135**	60,316
Other	**1,284**	274
Total deferred tax equivalent liabilities	**79,419**	60,590
Set-off of deferred tax equivalent assets pursuant to set-off provisions (Note (5(b)(i))	**(79,419)**	(60,590)
Net deferred tax equivalent liabilities	**-**	-

	30 June 2022 $'000	30 June 2021 $'000
Movements		
Opening balance at 1 July	**60,590**	69,377
Credited to profit or loss (Note 4(b))	**17,955**	(8,617)
Adjustments for deferred tax liabilities of prior periods	**874**	(170)
	79,419	60,590

(iii) Current tax equivalent asset

	30 June 2022 $'000	30 June 2021 $'000
Income tax equivalent asset	**2,894**	1,633
	2,894	1,633

6. Cash and cash equivalents

(a) Accounting policy

Cash and cash equivalents comprise cash at bank, deposits held at call with financial institutions and other short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

(b) Amounts recognised in statement of financial position

	30 June 2022 $'000	30 June 2021 $'000
Cash in operational accounts	**104,079**	136,868
Short-term investment deposits	**50,000**	8,000
	154,079	144,868

Management assessed that the fair value of cash at bank and short-term investment deposits approximate their carrying amounts.

(c) Reconciliation of profit after income tax equivalent expense to net cash inflow from operating activities

	30 June 2022 $'000	30 June 2021 $'000
Profit for the year	**10,385**	16,952
Depreciation and amortisation	**104,925**	99,066
Gifted assets	**(939)**	-
Share of profit from joint venture	**(35)**	(19)
Net gain on sale of non-current assets	**(500)**	(76)
Allowance for expected credit losses	**1,260**	1,624
Changes in operating assets and liabilities:		
Receivables	**(8,162)**	2,655
Inventories	**(796)**	(335)
Other current assets	**(1,590)**	1,174
Payables	**(55,286)**	(28,244)
Other current liabilities	**5,191**	3,084
Derivatives	**(2,456)**	(3,366)
Tax equivalent assets and liabilities	**1,611**	1,766
Employee provisions	**954**	145
Other provisions	**1,426**	1,885
Net cash inflow from operating activities	**55,988**	96,311

(d) Non-cash investing and financing activities

	30 June 2022 $'000	30 June 2021 $'000
Additions to ROU assets (Note 11(c))	**91,275**	2,215
Gifted assets (Note 10(b))	**939**	-
	92,214	2,215

7. Receivables

(a) Accounting policy

Trade receivables, which generally have 12-day terms for tariff customers, 7 to 14-day terms for contract customers and 30 to 90 days for non-energy customers, are recognised and carried at original invoice amount less an allowance for any impaired receivables. No interest is charged on current receivables.

Horizon Power applies the AASB 9 Financial Instruments simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, including unbilled amounts. To measure the expected credit losses, energy trade receivables and unbilled amounts have been grouped based on their credit risk characteristics, linked to actions taken by the credit team since the customer's invoices became overdue. Unbilled amounts from customers have substantially the same risk characteristics as the trade receivables for the same types of contracts. The expected loss rates for trade receivables are a reasonable approximation of the loss rates for unbilled amounts.

The expected loss rates are based on the historical recovery rates achieved by the credit team on debtors in the relevant categories. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Non-energy trade receivables relate mainly to discrete transactions with customers. The expected credit loss rates are based on a review of individual debts outstanding, the risk profile of the customer and nature of transactions.

Other receivables are not considered at risk and therefore no expected loss allowance has been provided.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in the statement of comprehensive Income against 'impairment of receivables'.

(b) Amounts recognised in statement of financial position

	30 June 2022 $'000	30 June 2021 $'000
Receivables		
Receivables: energy - billed	**21,962**	19,862
Receivables: energy - unbilled (i)	**20,421**	20,760
Total receivables energy	**42,383**	40,622
Allowance for expected credit loss – energy	**(4,077)**	(4,791)
	38,306	35,831
Receivables - non-energy	**7,227**	3,377
Allowance for expected credit loss – non-energy	**(727)**	(811)
	6,500	2,566
Other receivables (Note 7(d))	**3,199**	2,414
Total receivables	**48,005**	40,811

(i) Receivables: energy - unbilled: Following the roll out of the Advanced Metering Infrastructure, management has developed reporting tools that track ongoing consumption for customers with advanced meters resulting in a high level of accuracy in the evaluation of the unbilled electricity consumption.

7. Receivables (continued)

(c) Impaired trade receivables

(i) Critical accounting estimates and judgements: impaired trade receivables

The allowance for expected credit loss of trade receivables is based on assumptions about risk of default and expected loss rates. Horizon Power uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculation, based on past history, existing market conditions as well as forward-looking estimates at the end of each reporting date.

(ii) Movements in the allowance for expected credit loss of receivables are as follows:

	30 June 2022 $'000	30 June 2021 $'000
At 1 July 2021	**5,602**	5,234
Allowance for expected credit loss recognised during the year	**1,260**	1,624
Receivables written off during the year as uncollectable	**(2,058)**	(1,256)
At 30 June 2022	**4,804**	5,602

The creation and release of the allowance for expected credit loss of receivables has been included in 'other expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. All expected credit losses relate to amounts due from contracts with customers.

7. Receivables (continued)

(c) Impaired trade receivables (continued)

(ii) Movements in the allowance for impairment of receivables are as follows: (continued)

The loss allowance as at 30 June 2022 was determined as follows for both trade receivables and unbilled amounts:

30 June 2022

Energy status

	Total energy receivables $'000	Expected loss rate	Loss allowance $'000
Not overdue	14,717	0.1%	22
Overdue			-
Pre-disconnection	16,106	1.5%	243
Post-disconnection	6,083	16.4%	995
Special dispensation	3,028	17.5%	529
With collection agents	1,492	89.2%	1,331
Not recoverable	957	100.0%	957
Total	42,383	9.6%	4,077

Non-energy status

	Total non-energy receivables $'000	Expected loss rate	Loss allowance $'000
Not overdue	5,219	0.2%	13
Overdue			
Government and related entities	943	0.8%	8
Low to moderate risk	254	13.0%	32
High risk	548	75.0%	411
Not recoverable	263	100.0%	263
Total	7,227	10.1%	727

7. Receivables (continued)

(c) Impaired trade receivables (continued)

(ii) Movements in the allowance for impairment of receivables are as follows: (continued)

30 June 2021

Energy status

	Total energy receivables $'000	Expected loss rate	Loss allowance $'000
Not overdue	15,279	0.3%	48
Overdue			
Pre-disconnection	15,286	5.3%	808
Post-disconnection	6,584	20.2%	1,331
Special dispensation	1,662	55.4%	921
With collection agents	854	85.0%	726
Not recoverable	957	100.0%	957
Total	40,622	11.8%	4,791

Non-energy status

	Total non-energy receivables $'000	Expected loss rate	Loss allowance '000
Not overdue	1,942	1.0%	20
Overdue			
Government and related entities	25	0.0%	0
Low to moderate risk	478	6.9%	33
High risk	574	69.7%	400
Not recoverable	358	100.0%	358
Total	3,377	24.0%	811

(d) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Corporation. No significant risk is believed to be attached to other receivables.

(e) Fair value

Due to the short-term nature of receivables, their carrying amount is approximate to their fair value.

8. Inventories

(a) Accounting policy

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes cost incurred in bringing inventories to their present location and condition.

Inventories are spares, consumables and fuel purchase for use in the business. Where the item is expected to be utilised in the ordinary course of the business, net realisable value is estimated to be equivalent to cost. Where the item is in excess of the needs of the business, net realisable value is determined with reference to expected selling price or scrap value – whichever is higher.

(b) Amounts recognised in statement of financial position

	30 June 2022 $'000	30 June 2021 $'000
Materials	**10,794**	10,770
Fuel	**1,606**	835
Total inventories	**12,400**	11,605

9. Intangible assets

(a) Accounting policy

Intangible assets acquired separately are capitalised at cost at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible asset.

(i) Computer software

Computer software expenditure is capitalised at historical cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is included in intangible assets only when it is probable the item associated with the cost will generate future economic benefits and the expenditure can be measured reliably.

Internally generated computer software is recognised only if an asset is created that can be identified; it is probable the asset created will generate future economic benefits; and the development cost of the asset can be measured reliably. Where no internally generated asset can be recognised the development cost is expensed to the profit or loss.

Software-as-a-service (SaaS) expenses are recognised as incurred when the related services are delivered, unless they qualify for capitalisation as computer software because they are identifiable and controlled in a way that allows future economic benefits to be obtained, and others' access to those benefits can be restricted. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. Some of the costs incurred are for the development of software code that enhances, modifies or creates additional capability to existing on-premise systems and meets the recognition criteria for an intangible asset.

9. Intangible assets (continued)

(a) Accounting policy (continued)

(ii) Patents, trademarks and other rights

Patents, trademarks and other rights are capitalised at historical cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is included in intangible assets only when it is probable the item associated with the cost will generate future economic benefits and the expenditure can be measured reliably.

(iii) Renewable energy certificates

Under the *Renewable Energy (Electricity) Act 2000*, parties on grids of more than 100 MW making wholesale acquisitions of electricity (relevant acquisitions) are required to demonstrate that they are supporting the generation of renewable electricity by purchasing increasing amounts of renewable energy certificates (RECs). The Act imposes an annual liability, on a calendar year basis, by applying the specified Renewable Power Percentage and Small-Scale Technology Percentage to the relevant volume of electricity acquired.

These parties demonstrate compliance by surrendering RECs to the Office of the Renewable Energy Regulator (ORER). Large-Scale Generation Certificates are surrendered annually between 1 January and 14 February for the previous calendar year (compliance year). Small-Scale Technology Certificates are surrendered on a quarterly basis.

The REC's liability is extinguished by surrendering an equivalent number of RECs, with a penalty applying for any shortfall. Horizon Power acquires RECs on the spot market and under an agreement with Pacific Hydro Wholesale Trading Pty Ltd. Horizon Power's liability is based on actual volume of electricity acquired for the last calendar year multiplied by ORER-specified Renewable Power Percentage for that year. RECs purchased from external sources are recognised as intangible assets at their purchase price.

(iv) Amortisation and estimated useful life

The useful lives of intangible assets are assessed to be either finite or infinite. For intangible assets with finite useful lives, an amortisation expense is recognised in profit or loss over the useful lives of the assets.

The useful lives and amortisation of Horizon Power's major intangible asset classes are as follows:

Intangible asset	Finite/infinite useful life	Amortisation method	Useful life
Computer software	Finite	Straight-line method	3 - 5 years
Patents, trademarks and other rights	Finite	Straight-line method	10–15 years
Renewable Energy Certificates	Infinite	Not amortised	

Amortisation rates are reviewed annually, and if necessary, adjusted to reflect the most recent assessment of the useful lives of the assets.

9. Intangible assets (continued)

(a) Accounting policy (continued)

(v) Disposal of assets

An intangible asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is de-recognised.

(vi) Impairment of assets

Intangible assets are tested for impairment annually to determine if there is any indication of impairment. If any indication exists, the corporation estimates the asset's recoverable value. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

There were no indicators of impairment to intangible assets at 30 June 2022 (2021: nil).

(b) Amounts recognised in statement of financial position

(i) Current assets

Renewable energy certificates	**30 June 2022 $'000**	30 June 2021 $'000
Opening balance	**1,173**	1,659
Additions	**9,849**	9,749
Surrendered	**(9,595)**	(10,235)
Closing balance	**1,427**	1,173

9. Intangible assets (continued)

(b) Amounts recognised in statement of financial position (continued)

(ii) Non-current assets

	Patents, trademarks and other rights $'000	Computer software $'000	Total $'000
Year ended 30 June 2022			
Opening carrying amount	**-**	**32,749**	**32,749**
Transfers from work in progress (Note 12)	**-**	**4,114**	**4,114**
Amortisation charge	**-**	**(10,415)**	**(10,415)**
Closing carrying amount	**-**	**26,448**	**26,448**
At 30 June 2022			
Cost		**102,768**	**102,768**
Accumulated amortisation		**(76,320)**	**(76,320)**
Carrying amount	**-**	**26,448**	**26,448**
Year ended 30 June 2021			
Opening carrying amount	1	22,267	22,268
Transfers from work in progress (Note 12)	-	18,650	18,650
Amortisation charge	(1)	(8,168)	(8,169)
Closing carrying amount	-	32,749	32,749
At 30 June 2021			
Cost	19	98,654	98,673
Accumulated amortisation	(19)	(65,905)	(65,924)
Carrying amount	-	32,749	32,749

10. Property, plant and equipment

(a) Accounting policy

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. A gifted asset is recognised at fair value at its initial recognition (at the point of handover to Horizon Power) and depreciated over its useful life.

(i) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value attributed to the asset at the date of acquisition plus costs incidental to the acquisition. Direct costs and associated indirect costs in respect of assets being constructed, are capitalised.

Costs are only capitalised when it is probable that future economic benefits will flow from the establishment of the asset and the cost of the asset can be reliably measured.

(ii) Decommissioning costs

Upon recognition of an item of property, plant and equipment, the cost of the item includes the anticipated costs of dismantling and removing the asset, and restoring the site on which it is located, discounted to its present value as at the relevant date of acquisition.

(iii) Capitalisation of borrowing costs

Horizon Power, as a Not-for-Profit Public Sector Entity, has elected to expense borrowing costs in the period incurred under AASB 123 Borrowing Costs.

(iv) Depreciation

Discrete assets that are not subject to continual extension and modification are depreciated using the straight-line method. Such assets include power stations, transmission network assets and buildings.

Other assets, primarily the electricity distribution networks that are continually extended and modified, are depreciated using the reducing balance method. Land is not depreciated.

The useful lives of Horizon Power's major property, plant and equipment classes are as follows:

- Buildings 25-40 years
- Generation 4-50 years
- Network 4-50 years
- Other 4-40 years

Depreciation rates are reviewed annually and, if necessary, adjusted to reflect the most recent assessment of the useful lives of the assets.

(v) Disposal of assets

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from de-recognition of an asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is de-recognised.

10. Property, plant and equipment (continued)

(a) Accounting policy (continued)

(vi) Estimation of useful lives of assets

The estimation of the useful lives of assets is based on historical experience. Leased equipment is depreciated over the useful life of the asset, however, if there is no reasonable certainty that Horizon Power will obtain ownership by the end of the lease term, the leased equipment is depreciated over the shorter of the estimated useful life of the asset and the lease term. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Depreciation charges are included in Note 3 (b).

(vii) Impairment of assets

At each reporting date Horizon Power assesses whether there is any indication that an asset may be impaired, that is, where events or changes in circumstances indicate the carrying value exceeds the recoverable amount. The assessment includes an evaluation of conditions specific to Horizon Power and to the particular asset that may lead to impairment and includes product and manufacturing performance, technology, economic and political environments and future product expectation. Where an indicator of impairment exists, Horizon Power makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

There were no indicators of impairment to property, plant and equipment at 30 June 2022 (2021: nil).

Climate change

Horizon Power assessed the climate-related impacts on recognised assets, including impacts on asset impairment and changes in the useful life of assets.

Carbon pricing

At 30 June 2022, Horizon Power reports include estimated circa $0.5 billion of assets that generate or relate to CO^2 emissions, including owned and leased electricity generation assets (including power purchase agreements). The introduction of Carbon Pricing or Carbon Tax might have a potential impact on either the value or remaining useful economic life of these assets. However, as of 30 June 2022, the likelihood of the introduction of a carbon energy reform is considered remote and the shape of future arrangements is not clear.

Meanwhile, Horizon Power will continue to monitor its carbon emissions and will aim to reduce emissions by energy transformation. One of the key Horizon Power guiding principles is to improve our shared environment for the future, and that our assets are there for customers who need the essential service we supply through increasingly cleaner, greener assets and reduced carbon intensity.

10. Property, plant and equipment (continued)

(a) Accounting policy (continued)

(vii) Impairment of assets (continued)

Chronic natural disasters

Horizon Power owns assets that can be impacted by acute and extreme weather conditions, such as cyclones or bushfires. However, these are uncertain future events and do not have a chronic nature.

Under Australian Accounting Standards no provisions are allowed against future losses resulting from uncertain future events.

Based on the above, there were no indicators of impairment to property, plant and equipment due to climate change at 30 June 2022 (2021: nil).

(b) Amounts recognised in statement of financial position

	Freehold land $'000	Buildings $'000	Generation $'000	Network $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2022						
Opening carrying amount	**12,115**	**50,334**	**188,502**	**978,881**	**29,652**	**1,259,484**
Additions	**-**	**-**	**-**	**-**	**2,131**	**2,131**
Transfers from work in progress (Note 12)	**60**	**4,226**	**13,712**	**68,867**	**5,891**	**92,756**
Disposals	**(200)**	**-**	**-**	**-**	**-**	**(200)**
Depreciation charge	**-**	**(2,570)**	**(11,614)**	**(43,600)**	**(6,779)**	**(64,563)**
Closing carrying amount	**11,975**	**51,990**	**190,600**	**1,004,148**	**30,895**	**1,289,608**
At 30 June 2022						
Cost	**11,975**	**79,793**	**289,311**	**1,408,043**	**115,173**	**1,904,295**
Accumulated depreciation	**-**	**(27,803)**	**(98,711)**	**(403,895)**	**(84,278)**	**(614,687)**
Carrying amount	**11,975**	**51,990**	**190,600**	**1,004,148**	**30,895**	**1,289,608**

	Freehold land $'000	Buildings $'000	Generation $'000	Network $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2021						
Opening carrying amount	12,115	52,517	198,812	954,966	34,005	1,252,415
Additions	-	-	-	-	868	868
Transfers from work in progress (Note 12)	-	276	481	63,650	3,011	67,418
Depreciation charge	-	(2,459)	(10,791)	(39,735)	(8,232)	(61,217)
Closing carrying amount	12,115	50,334	188,502	978,881	29,652	1,259,484
At 30 June 2021						
Cost	12,115	75,567	275,599	1,339,176	107,151	1,809,608
Accumulated depreciation	-	(25,233)	(87,097)	(360,295)	(77,499)	(550,124)
Carrying amount	12,115	50,334	188,502	978,881	29,652	1,259,484

Horizon Power receives non-cash capital contributions in the form of gifted assets. The fair value of the non-cash capital contributions included in the additions to plant and equipment in 2022 was $939,000 (2021: nil).

Plant and equipment include capitalised decommissioning costs of $ 5,311,000 (2021: $4,603,000).

11. Right-of-use assets

(a) Recognition and measurement

Horizon Power assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Horizon Power recognises right-of-use (ROU) assets at the commencement date of the lease. ROU assets are measured at cost, net of accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Horizon Power has lease contracts for power purchase agreements and office and residential properties. Horizon Power also has leases of equipment with terms of less than 12 months or with low value, to which Horizon Power applies the short-term and lease of low-value recognition exemptions.

(b) Depreciation

ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Power purchase agreements — based on term of contract (2 to 30 years)
- Office and residential properties — 2 – 13 years

(c) Amounts recognised in statement of financial position

	Power purchase agreements $'000	Properties $'000	Total $'000
Year ended 30 June 2022			
Opening carrying amount	**186,421**	**14,634**	**201,055**
Additions	**90,044**	**1,231**	**91,275**
Lease adjustments	**1,208**	**-**	**1,208**
Disposals	**(3,143)**	**-**	**(3,143)**
Depreciation charge	**(28,014)**	**(1,933)**	**(29,947)**
Closing carrying amount	**246,516**	**13,932**	**260,448**
At 30 June 2022			
Cost	**588,970**	**18,386**	**607,356**
Accumulated depreciation	**(342,454)**	**(4,454)**	**(346,908)**
Carrying amount	**246,516**	**13,932**	**260,448**

11. Right-of-use assets (continued)

(c) Amounts recognised in statement of financial position (continued)

	Power purchase agreements $'000	Properties $'000	Total $'000
Year ended 30 June 2021			
Opening carrying amount	211,487	13,970	225,457
Additions	-	2,215	2,215
Lease adjustments	3,063	-	3,063
Depreciation charge	(28,129)	(1,551)	(29,680)
Closing carrying amount	186,421	14,634	201,055
At 30 June 2021			
Cost	502,636	17,220	519,856
Accumulated depreciation	(316,215)	(2,586)	(318,801)
Carrying amount	186,421	14,634	201,055

12. Work in progress

Work in progress represents expenditure incurred on uncompleted capital projects. Upon completion of a project, expenditure is capitalised and transferred to either intangible assets (Note 9) or property plant and equipment (Note 10) to start its amortisation or depreciation in line with the asset useful life.

Non-current assets

	30 June 2022 $'000	30 June 2021 $'000
Opening balance	**105,273**	98,154
Additions	**131,292**	93,187
Transfers to intangible (Note 9b (ii))	**(4,114)**	(18,650)
Transfers to property plant and equipment (Note 10b)	**(92,756)**	(67,418)
Closing balance	**139,695**	105,273

13. Payables

(a) Accounting policy

These amounts represent liabilities for goods and services provided to Horizon Power prior to the end of the reporting period that are unpaid. The amounts are unsecured and are settled within prescribed periods.

Payables are non-interest bearing and are generally settled on 30-day terms. Other payables are non-interest bearing and generally have settlement terms between 14 and 30 days. Due to the short-term nature of these payables (including the current portion of the Contributory Extension Scheme (CES)), their carrying value approximates their fair value.

13. Payables (continued)

(a) Accounting policy (continued)

CES payables represent amounts received from customers to extend specific electricity supplies. These deposits are progressively refunded as other customers are connected to existing supply extension schemes. By 2022, when the scheme finishes, all scheme members will have their contributions refunded.

(b) Amounts recognised in statement of financial position

(i) Current liabilities

	30 June 2022 $'000	30 June 2021 $'000
Payables	**65,749**	73,441
Contributory Extension Scheme payables	**683**	693
Other payables	**4,277**	4,588
Contract liabilities	**15,005**	9,813
	85,714	88,535

(ii) Non-current liabilities

	30 June 2022 $'000	30 June 2021 $'000
Contract liabilities	**68,570**	70,437
Contributory Extension Scheme payables	**-**	7
	68,570	70,444

Contract liabilities under non-current liabilities refer to upfront payments for the use of Horizon Power's network assets and are amortised over the term of the agreements.

Movements in contract liabilities

	30 June 2022 $'000	30 June 2021 $'000
Carrying amount at start of year	**80,250**	78,918
Additions	**15,265**	14,209
Revenue recognised in the reporting period	**(11,940)**	(12,877)
Closing balance	**83,575**	80,250
Comprised of:		
Current	**15,005**	9,813
Non-current	**68,570**	70,437
	83,575	80,250

14. Provisions

(a) Accounting policy

Provisions are recognised when:

- Horizon Power has a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation.

(i) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include annual leave and long service leave.

Liabilities arising in respect of any employee benefits expected to be settled within 12 months from the reporting date are measured at their nominal amount based on remuneration rates that are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. The present value of future cash outflows is determined using the projected unit credit method.

A provision for the on-costs attributable to annual leave and unconditional long service leave benefits is recognised in other provisions, not as employee benefits.

Estimates and assumptions

• Long service leave

Estimates and assumptions used in calculating the Corporation's long service leave provision include expected future salary rates, employee retention rates and expected future payments. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. Changes in these estimates and assumptions impact the carrying amount of the long service leave provision.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because Horizon Power has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

• Annual leave

For annual leave not expected to be wholly settled before 12 months after the end of the reporting period, estimates and assumptions used in calculating the Corporation's annual leave provision include expected future salary increases and employee retention rates. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

14. Provisions (continued)

(a) Accounting policy (continued)

(i) Employee benefits (continued)

• *Termination benefits*

Termination benefits are payable when employment is terminated by the Corporation before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Horizon Power recognises termination benefits at the earlier of the following dates: (a) when Horizon Power can no longer withdraw the offer of those benefits (b) when Horizon Power recognises a cost for restructuring that is within the scope of AASB 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(ii) Restoration and decommissioning

Provision is made for the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of decommissioning activities includes the removal of generating facilities and restoration of affected areas, including the treatment of contaminated sites.

Typically, the obligation arises when the asset is installed at the location. When the provision is initially recognised, the estimated cost is capitalised by increasing the carrying amount of the related generating facility.

Over time, the provision is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs. The carrying amount capitalised in generating assets is depreciated over the useful life of the related assets.

Costs incurred that relate to an existing condition caused by past operations are expensed.

Estimates and assumptions

A provision has been made for the present value of anticipated costs of future restoration and decommissioning of generating plants and workshops. The provision includes future cost estimates associated with dismantling closure, decontamination and permanent storage of historical residues. The calculation of this provision requires assumptions such as application of environmental legislation, plant closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised by adjusting both the expense or asset (if applicable) and provision. The related carrying amounts are disclosed within property, plant and equipment in Note 10.

14. Provisions (continued)

(b) Amounts recognised in statement of financial position

Current liabilities	30 June 2022 $'000	30 June 2021 $'000
Long service leave	**6,979**	7,189
Annual leave	**5,082**	5,153
Decommissioning and rehabilitation	**2,273**	2,028
Employee benefits accrual and on-costs	**5,684**	4,786
	20,018	19,156

Non-current liabilities	30 June 2022 $'000	30 June 2021 $'000
Long service leave	**1,703**	1,828
Decommissioning and rehabilitation	**13,074**	11,400
Employee benefits accrual and on-costs	**299**	321
	15,076	13,549

Movements in provisions - decommissioning and rehabilitation	30 June 2022 $'000	30 June 2021 $'000
Carrying amount at start of year	**13,428**	13,538
Payments/other sacrifices of economic benefits	**(374)**	(1,064)
Changes in assumptions	**2,130**	868
Unwinding of discount	**163**	86
Carrying amount at end of year	**15,347**	13,428
Comprised of:		
Current	**2,273**	2,028
Non-current	**13,074**	11,400
	15,347	13,428

Movements in provisions – Employee benefits accrual and on-costs	30 June 2022 $'000	30 June 2022 $'000
Carrying amount at start of year	**5,107**	4,379
Additional provisions recognised	**3,828**	4,005
Payments/other sacrifices of economic benefits	**(2,952)**	(3,277)
Carrying amount at end of year	**5,983**	5,107
Comprised of:		
Current	**5,684**	4,786
Non-current	**299**	321
	5,983	5,107

14. Provisions (continued)

(b) Amounts recognised in statement of financial position (continued)

The annual leave benefits are reported as current because Horizon Power does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period. Based on past experience annual and long service leave benefits are expected to be taken or paid as follows.

	30 June 2022 $'000	30 June 2021 $'000
Annual leave		
Annual leave expected to be settled within 12 months	**3,675**	3,674
Annual leave expected to be settled after 12 months	**1,407**	1,479
	5,082	5,153

Long service leave liabilities are unconditional long service leave provisions and are classified as current liabilities as Horizon Power does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because Horizon Power has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	30 June 2022 $'000	30 June 2021 $'000
Long service leave		
Long service leave expected to be settled within 12 months	**2,629**	2,673
Long service leave expected to be settled after 12 months	**6,053**	6,344
	8,682	9,017

15. Interest-bearing liabilities

(a) Accounting policy

(i) Loans

All loans are initially recognised at fair value net of transaction costs incurred. Subsequent to initial recognition loans are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Any difference between the cost and the redemption amount is recognised in the statement of comprehensive income over the period of the loan using the effective interest method.

(ii) Leases - initial recognition and measurement

At the commencement date of the lease, Horizon Power recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, Horizon Power uses the incremental borrowing rate provided by the WATC.

15. Interest-bearing liabilities (continued)

(a) Accounting policy (continued)

(ii) Leases - initial recognition and measurement (continued)

Lease payments included by Horizon Power as part of the present value calculation of lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options (where these are reasonably certain to be exercised)
- payments for penalties for terminating a lease, where the lease term reflects Horizon Power exercising an option to terminate the lease.

The interest on the lease liability is recognised in the statement of comprehensive income over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the ROU asset. Periods covered by extension or termination options are only included in the lease term by Horizon Power if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by Horizon Power in the statement of comprehensive income in the period in which the condition that triggers those payment occurs.

(iii) Leases - subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

(iv) Leases - estimation of incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments and to measure the present value of the lease liability at the lease commencement date. This is based on what Horizon Power estimates it would have to pay a third party to borrow the necessary funds to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(v) Leases - estimation of lease term

The lease term is a significant component in the measurement of both the ROU asset and lease liability. Judgement is exercised to determine whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to Horizon Power's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. Horizon Power reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

15. Interest-bearing liabilities (continued)

(b) Amounts recognised in statement of financial position

Current liabilities

	30 June 2022 $'000	30 June 2021 $'000
Secured		
WATC loans (i)	**85,000**	55,000
Unsecured		
Lease liabilities (Note 24 (b))	**38,989**	34,728
	123,989	89,728

Non-current liabilities

	30 June 2022 $'000	30 June 2021 $'000
Secured		
WATC loans (ii)	**718,353**	696,988
Unsecured		
Lease liabilities (Note 24 (b))	**316,316**	266,337
	1,034,669	963,325

(i) The fair value of WATC current loans is $85,030,000 (2021: $55,003,000).

(ii) The fair value of WATC non-current loans is $680,213,000 (2021: $729,259,000).

Classification of borrowings

As at 30 June 2022, the non-current WATC loans of $718,353,000 included an amount of $85,788,000 with an original contractual maturity in the 2022-23 year. It is Horizon Power's expectation that this amount will be refinanced under the Master Lending Agreement (MLA) rather than repaid, and therefore has been classified as non-current. The loans have been classified as non-current as a result of the following:

- the MLA with the WATC, an entity owned by the Western Australian State Government, allows Horizon Power the unequivocal right to refinance all or any part of maturing debt at regular intervals
- Horizon Power's approved forecast borrowing requirements for the next four years, includes no repayment of amounts classified as non-current above is contained within the 2022-23 Western Australian State Budget.

Horizon Power's borrowing limits as at 30 June 2022 was $803,793,000.

16. Financial risk management

Horizon Power's principal financial instruments comprise receivables, payables, interest-bearing borrowings, derivatives and cash and cash equivalents.

Horizon Power has developed a financial risk management policy to provide a framework through which Horizon Power maintains the appropriate level of control over financial and associated risks. The Treasury Management Committee oversees treasury functions on behalf of the Board to ensure that significant financial and associated risks are managed through a use of various financial instruments.

The main risks arising from Horizon Power's financial instruments are market risk, liquidity risk and credit risk. Horizon Power's policies for managing each of these risks are summarised below.

Horizon Power holds the following financial instruments:

	30 June 2022 $'000	30 June 2021 $'000
Financial assets		
Cash and cash equivalents	**154,079**	144,868
Financial assets at amortised cost	**43,464**	37,320
Financial assets at fair value through profit or loss	**3,925**	1,469
	201,468	183,657
Financial liabilities		
Financial liabilities at amortised cost	**64,905**	72,045
Lease liabilities	**355,305**	301,065
WATC Loans	**803,353**	751,988
	1,223,563	1,125,098

(a) Market risk

(i) Foreign exchange risk

Horizon Power's exposure to foreign currency risk at the current reporting date is low as all transactions were denominated in Australian dollars (AUD). Exchange rate exposures are managed by the Horizon Power Treasury group within approved policy parameters utilising forward foreign exchange contracts.

It is the policy of Horizon Power to enter into forward foreign exchange contracts to cover significant foreign currency payments and receipts.

Although diesel fuel payments are made in Australian dollars, the relevant wholesale market for distillate fuel (gasoil) is denominated in United States dollars (USD) and as such, there is an indirect exposure to the AUD/USD exchange rate.

This exposure is managed by the use of AUD denominated gasoil commodity swaps to hedge against increases in wholesale crude oil prices and falls in the AUD/USD exchange rate.

16. Financial risk management (continued)

(a) Market risk (continued)

(ii) Commodity price risk

Commodity price risk represents the extent to which movements in commodity prices will impact Horizon Power results. Horizon Power is exposed to commodity price risk for gasoil.

Horizon Power is exposed to fluctuations in the gasoil price through the purchase of fuel for its diesel power stations as well as fuel consumed by its power producers.

Horizon Power deals in gasoil commodity swaps for the purpose of providing an economic hedge against gasoil costs. The limits of this trading are set by the Board.

At 30 June 2022 Horizon Power has economically hedged 66,226 barrels at an average price of AUD $133 per barrel.

Sensitivity

At 30 June 2022, if commodity prices had decreased/increased by 10% from the year-end rates with all other variables held constant, the impact on Horizon Power's post-tax profit for the year would have not been significant (less than $1 million).

(iii) Interest rate risk

Horizon Power's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations.

Horizon Power's borrowings obtained through the WATC include loans at fixed and floating rates with varying maturities. Borrowings with floating debts, including a working capital facility of $30 million, have variable interest rates linked to movements in Reserve Bank of Australia rates. The risk on the fixed interest rate debt is managed through portfolio diversification and variation in maturity dates.

(iv) Liquidity risk

Horizon Power's objective is to ensure adequate funding is available at all times, to meet the commitments of the Corporation, as they arise. Horizon Power has appropriate procedures to manage cash flows including drawdown of debts by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

The following table details interest rate exposure, contractual maturity analysis of financial assets and financial liabilities. The interest rate exposure section analyses only the carrying amounts of each item. The maturity analysis section includes interest and principal cash flows.

16. Financial risk management (continued)

(a) Market risk (continued)

(iv) Liquidity risk (continued)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

2022	Weighted average effective interest rate %	Carrying amount $'000	Interest rate exposure			Nominal amount $'000	Maturity dates			
			Fixed interest rate $'000	Variable interest rate $'000	Non-interest bearing $'000		Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	More than 5 years $'000
Financial assets										
Cash and cash equivalents	0.53	154,079	-	154,079	-	154,079	154,079	-	-	-
Trade receivables [a]	-	40,733	-	-	40,733	45,100	45,100	-	-	-
Other receivables	-	2,731	-	-	2,731	2,731	2,731	-	-	-
		197,543	**0**	**154,079**	**43,464**	**201,910**	**201,910**	**-**	**-**	**-**
Financial liabilities										
Payables	-	70,737	-	-	70,737	70,737	70,737	-	-	-
Lease liabilities [b]	9.54	355,305	355,305	-	-	565,279	10,275	58,370	239,389	257,245
WATC loans and borrowings	2.43	803,353	658,454	144,899	-	836,926	79,126	68,981	306,968	381,851
		1,229,395	**1,013,759**	**144,899**	**70,737**	**1,472,942**	**160,138**	**127,351**	**546,357**	**639,096**

(a) The amount of receivables excludes the GST recoverable from the Australian Tax Office.

(b) The amount of lease liabilities includes $339,882,000 from power purchase agreements and $15,423,000 from leased buildings.

2021	Weighted average effective interest rate %	Carrying amount $'000	Interest rate exposure			Nominal amount $'000	Maturity dates			
			Fixed interest rate $'000	Variable interest rate $'000	Non-interest bearing $'000		Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	More than 5 years $'000
Financial assets										
Cash and cash equivalents	0.09%	144,868		144,868	-	144,868	144,868	-	-	-
Trade receivables [a]	-	34,906		-	34,906	39,999	39,999	-	-	-
Other receivables	-	2,414		-	2,414	2,414	2,414	-	-	-
		182,188	**-**	**144,868**	**37,320**	**187,281**	**187,281**	**-**	**-**	**-**
Financial liabilities										
Payables		76,273	-	-	76,273	76,273	76,273	-	-	-
Lease liabilities[b]	9.96%	301,065	301,065	-	-	418,326	15478	46,475	223,475	132,898
WATC loans and borrowings	2.52%	751,988	640,254	111,734	-	779,565	43,860	62,484	318,580	354,641
		1,129,326	**941,319**	**111,734**	**76,273**	**1,274,164**	**135,611**	**108,959**	**542,055**	**487,539**

(a) The amount of receivables excludes the GST recoverable from the Australian Tax Office.

(b) The amount of lease liabilities includes $285,414,000 from power purchase agreements and $15,651,000 from leased buildings.

Horizon Power's policy is to manage its finance costs using fixed debt with the objective of achieving cost-effective outcomes whilst managing interest rate risk to avoid marketplace uncertainty and volatility.

16. Financial risk management (continued)

(a) Market risk (continued)

(iv) Liquidity risk (continued)

Horizon Power constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions and alternative financing.

Sensitivity

At 30 June 2022, if interest rates had decreased/increased by 100 basis points from the year-end rates with all other variables held constant, the impact on Horizon Power's post-tax profit for the year would have not been significant (less than $1 million).

Horizon Power operates predominantly within the electricity generation, transmission, distribution and sales industry and, accordingly, is exposed to risks affecting that industry. The maximum exposure to this industry risk is the carrying value of trade debtors before allowance is made for impairment of receivables.

Credit risk in respect of trade receivable is detailed in Note 7(c).

Horizon Power follows stringent credit control and management procedures in reviewing and monitoring debtor accounts.

With respect to credit risk arising from cash and cash equivalents, Horizon Power's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents.

Horizon Power maintains cash and cash equivalents through highly-rated financial institutions.

17. Financial instruments

(a) Accounting policy

(i) Commodity Swaps

Horizon Power is exposed to movements in the gasoil price through the purchase of fuel for its diesel power stations as well as fuel consumption by its power producers. Horizon Power has entered into AUD denominated commodity swaps to obtain an economic hedge against increases in wholesale crude oil prices and falls in the AUD/USD exchange rate. Horizon Power's policy is to hedge forecasted fuel cost for one year forward at 80% of forecast. In the year ended 30 June 2022, an unrealised gain of $3,925,000 was recognised in profit or loss.

(ii) Derivatives

Through its operations, Horizon Power is exposed to changes in interest rates, foreign exchange rates and commodity prices. These risks may be managed with the prudent use of derivative financial instruments such as commodity swaps, interest swaps and forward foreign exchange contracts. Horizon Power only uses derivatives in liquid markets and all hedge activities are conducted within Horizon Power's Board-approved policy. Comprehensive systems are in place and compliance is monitored closely. Horizon Power uses derivatives solely for economic hedging and not for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to fair value. The fair value of forward foreign exchange contracts, interest rate swaps and commodity price (oil) hedging contracts is obtained from an external financial risk advisor. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument.

17. Financial instruments (continued)

(a) Accounting policy (continued)

(ii) Derivatives (continued)

Hedge accounting is applied to derivative financial instruments that are designated as hedging instruments. Horizon Power designates such derivatives as either:

- cash flow hedges when they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or recognised liability or a highly probable forecasted transaction
- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or recognised liability.

At the inception of the transaction, Horizon Power documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Horizon Power also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(iii) Cash flow hedge

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and within equity in the hedging reserve. The gains or losses relating to the ineffective portion are recognised immediately in profit or loss.

Amounts accumulated in equity are recycled to profit or loss in the period when the forecast purchase that is hedged takes place. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (or non-financial liability), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the acquisition cost or carrying amount of the asset or liability.

When a hedging instrument expires, is sold, is terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the net cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

(iv) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, together with any changes in the fair value of the hedged asset or hedged liability that are attributable to the hedged risk. There is no impact on the equity reserves. Horizon Power has not accounted for any derivative financial instruments that qualify for hedge accounting as fair value hedges.

(v) Derivatives that do not qualify for hedge accounting

For derivatives that do not qualify for hedge accounting, any changes in fair value are recognised immediately in profit or loss.

(vi) Embedded derivatives

Derivatives embedded in contracts that change the nature of the host contract's risk are separately recorded at fair value with movements recorded in profit or loss.

17. Financial instruments (continued)

(b) Amounts recognised in statement of financial position

	30 June 2022 $'000	30 June 2021 $'000
Current assets/(liabilities)		
Commodity swaps	3,925	1,469
Total current financial instrument assets	3,925	1,469

(c) Fair value hierarchy

The following table presents Horizon Power's financial assets and financial liabilities measured and recognised at fair value on 30 June 2021 and 30 June 2022, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that Horizon Power can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

At 30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Commodity swaps used for hedging	-	3,925	-	3,925
Total assets	-	3,925	-	3,925

At 30 June 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Commodity swaps used for hedging	-	1,469	-	1,469
Total assets	-	1,469	-	1,469

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurement categories within level 2

Horizon Power uses gasoil commodity swaps to hedge its diesel exposure. Gasoil commodity swaps allow Horizon Power to exchange a floating rate commitment for a fixed rate commitment, or vice versa. On maturity, there is a cash settlement based on the difference between the swap price and the average floating price over the swap contract's calculation period.

Horizon Power's commodity swaps are based on Singapore gasoil 10 parts per million (ppm) sulphur and valued in accordance with standard market practice. Valuation is based on discounting future swap cash flows with current market gasoil futures pricing, interest rate curves and related exchange rates to determine their present value.

Equity

18. Contributed equity

(a) Accounting policy

AASB Interpretation 1038 'Contributions by Owners Made to Wholly Owned Public Sector Entities' requires transfers, other than as a result of a restructure of administrative arrangements, in the nature of equity contributions to be designated by the State Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions have been credited directly to contributed equity.

Transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, is designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

(b) Amounts recognised in statement of financial position

	30 June 2022 $'000	30 June 2021 $'000
Opening balance	**392,097**	392,097
Equity contribution during the financial year	**24,016**	-
Total contributed equity at the end of the financial year (i)	**416,113**	392,097

(i) In the year ended 30 June 2022 and 30 June 2021, the increase in contributed equity was in respect of the following:

	30 June 2022 $'000	30 June 2021 $'000
Electric vehicle charging infrastructure	**10,516**	-
WA microgrids	**13,500**	-
Total increase in contributed equity	**24,016**	-

19. Dividends

Horizon Power's dividend policy is to pay 75% of the net profit after tax plus any special dividend, if required by the shareholder. Dividends are subject to a solvency test and declared in consultation with the Minister for Energy.

	30 June 2022 $'000	30 June 2021 $'000
Final dividend for previous financial year	**-**	1,522
Interim dividend for previous financial year	**-**	5,160
Dividends paid	**-**	6,682

In August 2021, the WA Government requested that all dividends payable in 2021-22 be retained by Horizon Power and be held in its existing bank account to fund specifically approved projects.

20. Interests in joint operations and joint venture

(a) Accounting policy

(i) Interest in joint arrangements

Joint arrangements are contractual arrangements in which Horizon Power and other parties undertake an economic activity subject to joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

To the extent the joint arrangement provides Horizon Power with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation, and as such Horizon Power recognises its share of the operation's assets, liabilities, revenue and expenses, including those incurred jointly. To the extent the joint arrangement provides Horizon Power with rights to the net assets of the arrangement, the investment is classified as a joint venture and accounted for using the equity method.

(ii) Jointly controlled operations

Jointly controlled operations	Principal activity	% of ownership interest
Mid-West Pipeline Joint Venture	Gas transportation in the Mid-West and Hill 60 Pipelines	50%

Horizon Power has a 50% ownership interest in the Mid-West Pipeline pursuant to an unincorporated joint venture agreement dated 13 January 1999. The remaining 50% interest is owned by Mid-West Pipeline Pty Ltd. The Mid-West Pipeline is a 376 km natural gas pipeline that extends from the Dampier to Bunbury Natural Gas Pipeline to the town of Mount Magnet and to the Windimurra Vanadium Project.

Horizon Power's assets employed in the above jointly controlled operations were fully depreciated as at 30 June 2019.

(iii) Interests in joint venture

Name of entity	Principal activity	% of ownership interest
Boundary Power Pty Ltd	Manufacture and sale of standalone power systems	50%

Boundary Power Pty Ltd was established in November 2020 as a 50%/50% incorporated joint venture with Ampcontrol Ltd.

The movement in the net carrying value of investment in Boundary Power Pty Ltd is shown below:

	30 June 2022 $'000	30 June 2021 $'000
Opening balance	**518**	-
Investment	**-**	499
Share of profit for the year	**35**	19
Closing balance	**553**	518

Other information

21. Key management personnel remuneration

Horizon Power's key management personnel has been determined to be the State Cabinet Ministers, Directors and senior officers of Horizon Power. However, Horizon Power is not obligated to compensate State Cabinet Ministers and therefore disclosures in relation to Ministers' compensation may be found in the Annual Report of State Finances.

Total compensation paid to key management personnel for the reporting period are presented below.

	30 June 2022 $'000	30 June 2021 $'000
Short-term employee benefits	**3,003**	3,115
Post-employment benefits	**230**	229
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Total compensation of key management personnel	**3,233**	3,344

Further details of key management personnel remuneration are disclosed in the Directors' report section of the annual report.

22. Related party transactions

Related parties of Horizon Power include:

- all Ministers and their close family members, and their controlled or jointly controlled entities
- all key management personnel and their close family members, and their controlled or jointly controlled entities
- other departments and statutory authorities, including their related bodies, that are included in the whole of Government consolidated financial statements
- associates and joint ventures of an entity that are included in the whole of Government consolidated financial statements
- the Government Employees Superannuation Board (GESB).

22. Related party transactions (continued)

Transactions with State Government related entities include the sale of electricity in the ordinary course of business on normal commercial terms. Other significant transactions include:

Government departments	Note	2022 $'000	2021 $'000	Nature of transaction
Receipts				
Electricity Networks Corporation		**2,954**	2,822	Inventories and services
Electricity Generation and Retail Corporation		**27**	712	Services
Western Australian Treasury Corporation		**195,000**	95,000	Borrowings
		1	7	Interest
		-	70	Services
Department of Treasury	2(b)	**187,000**	185,000	Tariff Equalisation Fund
		5,510	14,328	CSO
		-	27,697	COVID-19 relief rebates
	18	**24,016**	-	Equity injection
Water Corporation		**267**	233	Customer funded works
Department of Education		**6,613**	635	Customer funded works
Main Roads		**1,345**	2,347	Customer funded works
Payments				
Electricity Networks Corporation		**(8,726)**	(5,771)	Inventories and services
Electricity Generation and Retail Corporation		**(27,766)**	(24,172)	Electricity consumption
Western Australian Treasury Corporation		**(143,635)**	(33,908)	Repayment of debt
		(21,733)	(23,119)	Finance costs
		(46)	(95)	Services
Water Corporation		**(1,370)**	(654)	Water supply
Receivables				
Water Corporation		**51**	11	Customer funded works
Department of Education		**410**	671	Customer funded works
Department of Communities		**1,413**	7	Customer funded works
Main Roads		**1,220**	2	Customer funded works
Liabilities				
Electricity Networks Corporation		**(424)**	(59)	Inventories and services
Electricity Generation and Retail Corporation		**(3)**	(20)	Electricity
Western Australian Treasury Corporation		**(803,353)**	(751,988)	Borrowings
Commitments				
Electricity Networks Corporation		**(532)**	(490)	Inventories and services
Western Australian Treasury Corporation		**(4)**	(46)	Services
Water Corporation		**-**	(83)	Water Supply

22. Related party transactions (continued)

Joint venture	Note	2022 $'000	2021 $'000	Nature of transaction
Payments				
Boundary power		**-**	(499)	Equity investment
		(5,643)	(1,300)	Standalone power systems
Liabilities				
Boundary power		**(97)**	-	Grant
Commitments				
Boundary power		**(2,151)**	(7,926)	Standalone power systems

Other related parties	2022 $'000	2021 $'000	Nature of transaction
Revenue			
Australian Renewable Energy Agency (ARENA)	**-**	441	Grant
Payments			
Esperance Tjaltjraak Services Pty Ltd	**(95)**	(55)	Services
Liabilities			
Commitments			
Esperance Tjaltjraak Services Pty Ltd	**(8)**	-	Services

Horizon Power had no material related party transactions with Ministers, Directors, senior officers or their close family members or their controlled or jointly controlled entities other than as disclosed above.

23. Contingencies

(i) Contingent liabilities

Horizon Power did not have any contingent liabilities as at 30 June 2022 (30 June 2021: nil).

(ii) Contingent assets

Horizon Power did not have any contingent assets as at 30 June 2022 (30 June 2021: nil).

(iii) Contaminated sites

Under the *Contaminated Sites Act 2003*, the Corporation is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated and remediation required or possibly contaminated and investigation required, Horizon Power may have a liability in respect of investigation or remediation expenses. All known contaminated sites are provided for as per Note 14.

23. Contingencies (continued)

(iv) Asbestos management

A number of the properties, including power stations and residential accommodations, owned by Horizon Power have asbestos containing materials. Horizon Power has a robust management and monitoring process in place for the ongoing identification and risk assessment of asbestos hazards and implements safe systems of works during any repair, maintenance and demolition works at these sites. Horizon Power complies with the relevant regulations, including the Code of Practice for the Management and Control of Asbestos in Workplaces and commissions compliance surveys on a regular basis. Our long-term objective is the removal of asbestos materials from all our sites.

There is currently no claim against Horizon Power from current or past employees and contractors for illnesses arising from exposure to asbestos that is not covered by RiskCover. Should any claim arise in the future, Horizon Power is likely to be appropriately covered by its workers' compensation and public liability insurance, or RiskCover.

24. Remuneration of auditors

	30 June 2022 $'000	30 June 2021 $'000
Audit of financial statements	**231**	225
	231	225

(i) Audit services

Under the Act, the Auditor General of Western Australia has been appointed as Horizon Power's independent auditor. During the year, the above fees were paid, or are due and payable, for audit services provided by the Office of Auditor General.

(ii) Non-audit services

Neither the Office of Auditor General nor their agents provided non-audit services during the year ended 30 June 2022 (2021: Nil).

25. Commitments

(a) Capital commitments

	30 June 2022 $'000	30 June 2021 $'000
Within one year	**42,413**	44,248
	42,413	44,248

(i) At 30 June 2022, capital expenditure commitments principally related to Mid West solar program ($6,814,000), Carnarvon and Exmouth refurbishment ($5,329,000), standalone power systems ($2,661,000), energy storage in regional towns ($2,476,000), electric vehicle infrastructure ($2,392,000) and Denham Green Hydrogen Demonstration ($2,317,000).

(ii) At 30 June 2021, capital expenditure commitments principally related to standalone power systems ($8,935,000), energy storage in regional towns ($6,138,000), Denham power station ($4,886,000), Denham Green Hydrogen Demonstration ($4,192,000), Esperance power station ($3,190,000), Wedgefield replacement ($2,946,000), remote communities centralised solar ($2,002,000) and grid automation ($1,979,000).

(b) Energy procurement commitments

(i) Lease commitments

Leases relate to the right of control over the use of an identified asset for a period of time in exchange for consideration in accordance with the AASB 16 Leases.

Judgements

Horizon Power has entered into power purchase agreements relating to specific generating facilities and property lease agreements. Horizon Power has assessed whether the agreement is, or contains, a lease.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception, including whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Under certain lease arrangements, Horizon Power has the option to purchase the underlying assets.

	30 June 2022 $'000	30 June 2021 $'000
Commitments in relation to leases are payable as follows:		
Within one year	**68,645**	61,954
Later than one year but not later than five years	**239,389**	223,474
Later than five years	**257,245**	132,898
Minimum lease payments	**565,279**	418,326
Future finance charges	**(209,974)**	(117,261)
Recognised as a liability	**355,305**	301,065
Representing lease liabilities:		
Current (Note 15 (b))	**38,989**	34,728
Non-current (Note 15 (b))	**316,316**	266,337
	355,305	301,065

Forecast energy procurement requirements are not included in the above commitments.

25. Commitments (continued)

(c) Other commitments

These commitments consist of contractual obligations in respect of fixed charges relating to the purchase of electricity, gas and renewable energy certificates, which are not defined as leases.

	30 June 2022 $'000	30 June 2021 $'000
Within one year	**109,972**	126,138
Later than one year but not later than five years	**409,509**	428,208
Later than five years	**1,672,324**	1,839,858
	2,191,805	2,394,204

(d) Other lease commitments

Horizon Power has commitments to leases which are short term or are of low-value IT equipment and to property leases as of 30 June 2022 that do not qualify as ROU assets under AASB 16 leases.
Property lease rentals are subject to half-yearly and yearly reviews.

	30 June 2022 $'000	30 June 2021 $'000
Commitments for other lease payable are as follows:		
Within one year	**693**	637
Later than one year but not later than five years	**308**	593
Later than five years	**12**	15
	1,013	1,245

26. Subsequent events

In the interval between the end of the reporting period and the date of this report, no matter or circumstance has arisen that will likely, in the opinion of the Horizon Power Board, significantly affect the operations of Horizon Power, the results of those operations, or the state of affairs of Horizon Power in subsequent reporting periods.

Directors' declaration

In accordance with a resolution of the Directors of the Regional Power Corporation (trading as Horizon Power), we state that:

In the opinion of the Directors:

a) the financial statements and notes of the Corporation are in accordance with Schedule 4 of the *Electricity Corporations Act 2005*, including:
   i. giving a true and fair view of the Corporation's financial position as at 30 June 2022 and of its performance for the 12-month period ended on that date; and
   ii. complying with Accounting Standards, AASB Interpretations and Corporations Regulations, and

b) there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Samantha Tough
Chairperson

Mark Puzey
Deputy Chairperson

6 September 2022

Independent auditor's report

Auditor General

INDEPENDENT AUDITOR'S REPORT
2022
Regional Power Corporation trading as Horizon Power

To the Parliament of Western Australia

Opinion

I have audited the financial report of Regional Power Corporation trading as Horizon Power (the Corporation), which comprises:

- the Statement of Financial Position as at 30 June 2022, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- notes comprising a summary of significant accounting policies and other explanatory information
- the directors' declaration.

In my opinion, the financial report of the Corporation is prepared in accordance with Schedule 4 of the *Electricity Corporations Act 2005,* and:

- presents fairly, in all material respects, the financial position at 30 June 2022 and of its performance for the year then ended
- in accordance with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

Responsibilities of the directors for the financial report

The directors of the Corporation are responsible for:

- preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and Schedule 4 of the *Electricity Corporations Act 2005*
- such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for:

- assessing the Corporation's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Corporation.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other Information

The directors are responsible for the other information. The other information is the information in the Corporation's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Corporation for the year ended 30 June 2022 included in the annual report on the Corporation's website. The Corporation's management is responsible for the integrity of the Corporation's website. This audit does not provide assurance on the integrity of the Corporation's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report is concerned with the inherent risks arising from publication on the website, they are advised to contact the Corporation to confirm the information contained in the website version.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
8 September 2022

Glossary of terms and abbreviations

A

Australian Renewable Energy Agency (ARENA)	Established by the Australian Government in July 2012, ARENA supports the global transition to net zero emissions by accelerating the pace of pre-commercial innovation, to the benefit of Australian consumers, businesses and workers.

B

Battery energy storage system (BESS)	Rechargeable battery systems that store energy from solar arrays or the electric grid and provide that energy to a home or business.

C

Carbon dioxide equivalent (CO_2-e)	Greenhouse gas emissions are expressed in terms of carbon dioxide equivalents (CO_2-e), the amount of greenhouse gas measured as an equivalent amount relative to carbon dioxide's global warming potential.
Clean Energy Council	A not-for-profit, membership-based organisation and the peak body for the clean energy industry in Australia.
Clean Energy Regulator (CER)	An independent statutory authority responsible for administering Federal legislation that will reduce carbon emissions and increase the use of clean energy.
Climate change	A change in the state of the climate that can be identified, for example, by statistical tests, by changes in the mean and/or variability of its properties, and that persists for an extended period of time, typically decades or longer.
Cost to supply	All costs associated with Horizon Power's customers, divided by kilowatt hours sent out.

D

Decarbonisation	The process by which countries, individuals or other entities aim to achieve zero fossil carbon existence. Typically refers to a reduction of the carbon emissions associated with electricity, industry, and transport.
Distributed energy resources (DER)	Dispersed power generation, energy storage and demand management located at customer premises or connected directly to the distribution network. While DER is often used to refer to renewable generation sources, it also includes dispersed non-renewable generation sources.
Distributed energy resources management system (DERMS)	A system designed to manage and optimise the technical operation of thousands of grid-connected DER to dynamically balance supply and demand, maintain system stability and optimise long-run economic efficiency.
Distributed solar	Smaller, modular solar generation connected to the electricity grid.

E

Electric vehicle (EV)	Refers to cars or other vehicles with motors that are powered by electricity, rather than liquid fuels.
***Electricity Corporations Act 2005* (WA)**	Establishes Horizon Power as a corporation with responsibility for the provision of electricity outside the Southwest Interconnected System; sets out the powers and functions of the business, including Board and corporate governance, and Ministerial relationship.
The Energy Charter	A national CEO-led collaboration that supports the energy sector toward a customer-centric future. The core values are brought to life through #BetterTogether initiatives focused on delivering better customer outcomes for all Australians. Horizon Power was the first full WA-based signatory when it joined the Energy Charter in 2019.
Energy Policy WA (EPWA)	EPWA provides policy advice to the WA Government to facilitate the delivery of secure, reliable, sustainable and affordable energy services to Western Australians.
Energy efficiency	The ratio of output of useful energy, energy services or other physical outputs obtained from a system, conversion process, transmission or storage activity to the input of energy.

Energy storage	A means of storing energy within an electricity system, either directly or indirectly. Storage may be either centralised or distributed throughout a network. Examples include batteries, power capacitors, flywheels and pumped hydro systems.
Energy transition	A pathway toward transformation of the global energy sector from fossil-based to zero-carbon. At its heart is the need to reduce energy-related CO_2 emissions to limit dangerous climate change impacts.

F

Feed-in-management (FIM)	A type of generation management where participating customers allow Horizon Power to control their generation output to prevent system instability.

G

Geospatial intelligence platform	Provides an enterprise-wide single source of truth for the visualisation of asset data and their relationship connectivity, within the context of their real-world geospatial location. Enables faster, data-driven, decision-making based on actionable insights gained from improved data quality, advanced analytics, accessibility, and collaboration.
Government-trading enterprise (GTE)	A government body that derives its prime source of revenue from the sale of goods and services in a commercial environment.
Green hydrogen	Produced when the energy used to power electrolysis comes from renewable energy sources like wind, water or solar.
Greenhouse gas emissions	Includes all greenhouse gases as defined by Australia's Clean Energy Regulator, including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), sulphur hexafluoride (SF_6) and specified hydro fluorocarbons and perfluorocarbons.
Grid/off-grid	The electrical grid is the interconnected network delivering electricity from producers to consumers, consisting of generation, transmission and distribution assets. Off-grid power systems are not connected to the public electricity network and can be standalone power systems that provide a smaller community with electricity.

H

Hosting capacity	Amount of rooftop solar an electricity system can accommodate in a town without disrupting supply to customers.
Hydrogen	A clean fuel that, when consumed in a fuel cell, produces only water. Hydrogen can be produced from a variety of domestic resources, such as natural gas, nuclear power, biomass, and renewable power like solar and wind. It is an attractive fuel option for transportation and electricity generation applications, and can be used in cars, houses, for portable power, and in many other applications.

I

Independent power producer (IPP)	IPPs are usually engaged (by a power purchase agreement [PPA]) to build, own, operate and maintain a power generation facility.
Independent system operator (ISO)	Established to enhance whole-of-network security, manage ancillary services and perform network planning.
Integrated Resource Planning (IRP)	Process in which Horizon Power works together with communities and stakeholders to identify and explore energy options that will shape their future energy system.
Internet of things (IoT)	Refers to the group of common devices that collect and transmit and receive data via the internet.

L

Light detection and ranging (LIDAR)	A method for determining variable distance by targeting an object or a surface with a laser and measuring the time for the reflected light to return to the receiver. Similar to the way that SONAR or RADAR work by using sound or radio waves to determine the distance to a target.
Light-emitting diode (LED)	A semiconductor light source that emits light when current flows through it.
Lost Time Injury Frequency Rate (LTIFR)	A formula to calculate the number of lost time injuries sustained, per one million hours worked, over a given 12-month period.

M

Microgrid	A geographically confined collection of electrical resources that act together, with centralised generation typically playing a key role. Microgrids can be remote, embedded or interconnected, and may begin their life either detached or attached to a larger grid.

N

Net zero emissions	Net zero emissions are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period.
National Pollutant Inventory (NPI)	Provides the government, industry and communities with free information about substance emissions in Australia. Includes a publicly accessible database providing information on the emissions of 93 selected substances and the source and location of these emissions.
Net profit after tax (NPAT)	Net profit is synonymous with net income and reflects a company's total earnings after subtracting all expenses. Subtracted expenses include the costs of normal business operation as well as depreciation and taxes. Net profit after tax is often referred to as a company's 'bottom line' and is a true indicator of an organisation's profitability.
North West Interconnected System (NWIS)	One of three major electricity networks in WA, the NWIS comprises interconnected electricity generation, transmission and distribution assets in the Pilbara region.
Notifiable public safety incidents	Any incident or event that is caused, or significantly contributed to, by electricity and that results in serious injury or serious damage. A network operator must notify the Director of Building and Energy, and the Department of Mines, Industry, Regulation and Safety of any such incident.

P

Photovoltaics (PV)	The conversion of light into electricity using solar panels.
Pilbara Network Access Code (PNAC)	The PNAC governs access to lightly-regulated networks in the Pilbara region.
Pilbara Network Rules (PNR)	Establishes rules for the operation, management, security and reliability of Pilbara networks and the functions of the Pilbara independent system operator.
Power purchase agreement (PPA)	A contract between two parties, one which generates electricity (the seller) and one which is looking to purchase (the buyer).
Pre-payment meter	A billing system where customers pay for electricity before it can be consumed.

R

Reconciliation Action Plan (RAP)	A strategic document that supports an organisation's business plan, including practical applications that will drive a business' contribution to reconciliation, both internally and in communities in which it operates.
Renewable energy	Form of energy that can be used to provide electricity, heating or fuel for transportation. Unlike oil, gas and coal, renewable energy sources are not finite. Key sources include wind, solar and geothermal.
Return on assets	Return to investors for every dollar of assets under the company's control.

S

Scope 1 emissions	Greenhouse gas emissions released to the atmosphere as a direct result of an activity under operational control of an entity, such as burning fossil fuels to produce electricity, sometimes referred to as direct emissions.
Scope 2 emissions	Greenhouse gas emissions released to the atmosphere from the indirect consumption of an energy commodity, such as using energy produced by another entity, sometimes referred to as indirect emissions.
System Average Interruption Duration Index (SAIDI)	Average total length of outages in minutes per customer over a 12-month period.
System Average Interruption Frequency Index (SAIFI)	Average number of interruptions/outages per person over a 12-month period.

Standalone power system (SPS)	A privately-owned, off-grid power system that provides electricity to one or more customers through a combination of energy storage and both renewable and fossil-fuel generation.
South West Interconnected System (SWIS)	One of the three major electricity networks in WA, the SWIS serves the Perth metro area and stretches from Geraldton to Albany, with a feeder to Kalgoorlie-Boulder. Managed by Western Power, this is the only regulated network in the state.
Sustainability	A dynamic process that guarantees the persistence of natural and human systems in an equitable manner.

T

Task Force on Climate-Related Financial Disclosures (TCFD)	The Financial Stability Board's TCFD recommendations provide guidance for disclosing clear, comparable, and consistent information about the risks and opportunities presented by climate change.
Traditional generation	Large-scale electricity generation produced at centralised facilities and typically fuelled by gas or diesel. Traditional generation is from fossil fuel-fired power stations, one-way power flow to customers, and 'poles and wires' infrastructure.

U

Unassisted pole failure	As defined by Regulation 28 of the Electricity (Network Safety) Regulations 2015: 1) is not caused by customer installation, lighting, vehicle, water ingress or vandalism 2) occurs when the pole failed under forces that were less than its design specification.
Uniform tariff policy	All retail electricity customers in WA are charged the same rate, even though the true cost to supply differs by system and region.
Utility of the Future (UotF)	UotF is a multi-year program which aims to future-proof our business by creating a leading-edge, digitally-enabled and sustainable business, leveraging digital platforms, smart devices, the Cloud and advanced analytics.

Units of measure

Gigawatt hour (GWh)	One GWh equals 1,000 megawatt hours or one million kilowatt hours.
Kilogram (kg)	One kg equals 1,000 grams.
Kilovolt (kV)	One kV equals 1,000 volts.
Kilowatt (kW)	One kW equals 1,000 watts.
Kilowatts per hour (kWh)	Standard 'unit' of electricity which represents the consumption of electrical energy at the rate of one kW over a period of one hour.
Megawatt (MW)	One MW equals 1,000 kilowatts.
Megawatts per hour (MWh)	One MWh equals 1,000 kilowatt hours.

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