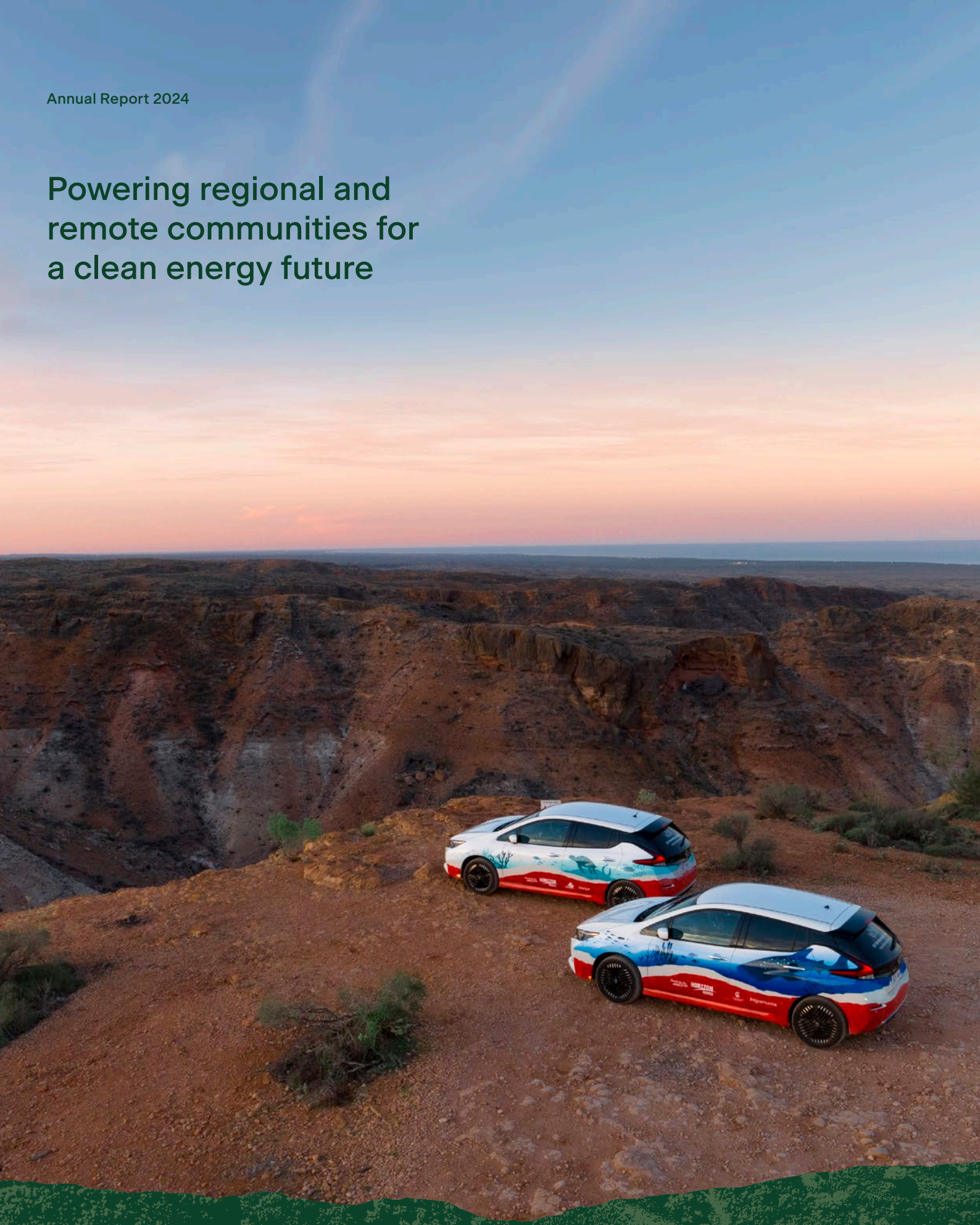
Annual Report 2024

Powering regional and remote communities for a clean energy future



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 our 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.

Statement of Compliance

For the year ended 30 June 2024

To the Minister for Energy, the Hon. Reece Whitby MLA

In accordance with the *Government Trading Enterprises Act 2023* (WA) (the Act) I am pleased to submit for your information and presentation to Parliament, the 2023/24 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

Samantha Tough
Chair
6 September 2024

Plantation in the Gascoyne/Mid West region.
Cover image: Our EV vehicle-to-grid trial Nissan Leaf EVs at Charles Knife Canyon, Cape Range, Exmouth.

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About us

Horizon Power is Western Australia's regional and remote energy provider, powered by an engaged local workforce committed to delivering safe and reliable power to its customers. Our purpose is to deliver clean energy solutions for regional growth and vibrant communities.

We are playing a pivotal role in the energy industry as we explore new and innovative ways to develop our renewable energy capability. We are applying the knowledge gained through our groundbreaking trials, supported by significant investment in program deployment, and are providing our customers with more sustainable, affordable power and tailored solutions for their energy future.

In serving our customers and communities, we focus on supporting local economies, fostering a culture that inspires and unites people, and maintaining our commitment to Aboriginal peoples.

As Western Australia's only vertically integrated electricity utility, we operate across the full supply chain with generation, transmission, distribution and retail services, delivering power to approximately 47,000 customer accounts.

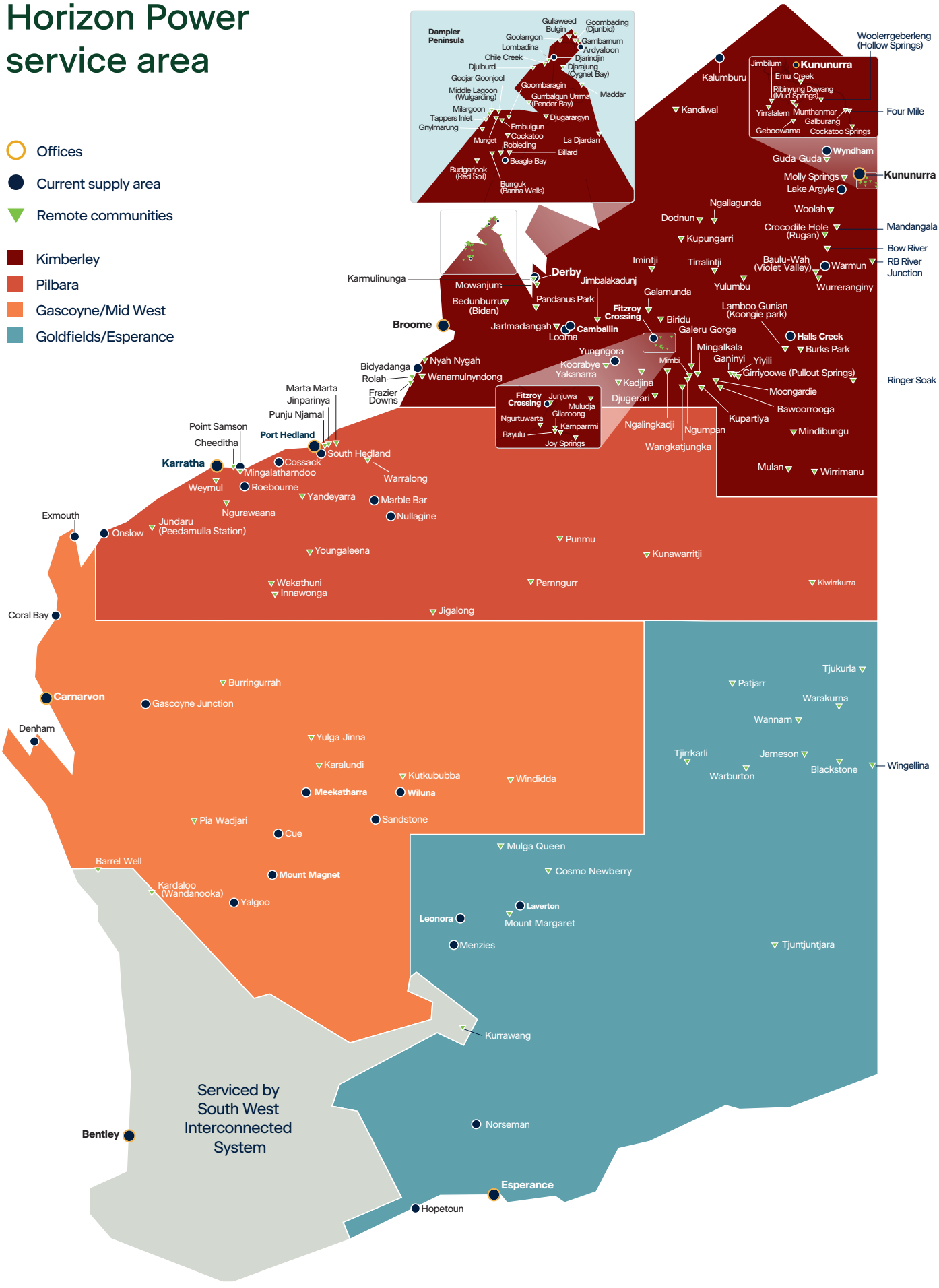
Our service area is the largest geographical catchment of any Australian power provider, spanning 2.3 million square kilometres. We manage six service depots across regional WA, with a corporate head office in Perth and customer centre in Broome.

We operate 38 power systems including the North West Interconnected System (NWIS) in the Pilbara; a connected network covering three interconnected systems in Kununurra, Wyndham and Lake Argyle; 34 microgrids tailored to meet the unique needs of some of the most isolated and remote communities in the world; and multiple off-grid standalone power systems.

On 1 July 2023, we assumed responsibility from the Department of Communities for the delivery of power to 117 remote Aboriginal communities. In total, Horizon Power is now responsible for servicing 170 remote communities.

As a State-owned Government Trading Enterprise, Horizon Power operates under the *Government Trading Enterprises Act 2023* (WA) and is governed by a Board of Directors and the Minister for Energy.

Horizon Power service area



Message from the Chair

Energy flows 24-hours-a-day, seven days a week and underpins every need and want in the community. It plays a vital role across all industries and in supporting a thriving society.

Horizon Power is a distinctive energy utility, operating in a space that sets it apart. It has a regional and remote focus, with a vast service area covering multiple climate zones across Western Australia.

"As the State's only vertically integrated energy utility, we tailor energy solutions to unique regional needs."

We are a significant player in microgrid and standalone power systems (SPS), with 34 microgrids and 79 SPS in our operation. Both are essential for enhancing energy resilience and reliability, especially in communities prone to natural disasters like bushfires, floods and cyclones.

We actively engage with local communities, emphasising sustainable practices, heritage and native title considerations. This commitment extends beyond providing energy to a genuine focus on regional growth and vibrant communities.

Our business diversity grew this year as more than 100 remote communities were incorporated into our operations. Horizon Power now services some of Australia's most remote communities. This presents fresh challenges but ones we are well equipped to undertake with our strong sense of community and customer-centric approach.

Realising the goal of zero refusals to rooftop solar by 2025 was a great achievement for customers – now thousands more customers can connect to rooftop solar. There remains a continuing focus on how we can reduce the cost of customer bills, with a specific concern for those in hardship or who rent their homes and have limited ability to implement their own renewable energy resources. These are things the business can be proud of.

The decision-making of Horizon Power's leadership is always in the best interests of its customers and the State. This happens through the provision of safe, reliable and affordable energy to allow regional and remote communities to prosper, to sustain established industries critical to Western Australia's economy and to enable the success of nascent industries.

Dedication to the delivery of safe, reliable and affordable energy to support our regions aligns with Horizon Power's investment in regional-based staff, with 33 per cent of our workforce working and living in regional WA. We are fortunate that our vision for delivering clean energy solutions for regional growth and vibrant communities means we attract people who are committed to that purpose.

We remain committed to emissions reduction, supporting the WA Government's interim target of an 80 per cent reduction on 2020 levels by 2030, and net zero by 2050. We continue to deliver renewable energy technologies at both the utility and customer side. Horizon Power has expanded its renewable asset base with standalone power systems, centralised solar and battery energy storage systems, and its renewable energy purchased from customers increased to 24.1 GWh.

“In the years ahead, Horizon Power will continue to spearhead clean energy technologies in the regions in the steadfast way its customers and communities can trust.”

In the years ahead, Horizon Power will continue to spearhead clean energy technologies in the regions in the steadfast way its customers and communities can trust.

We embrace the challenge of ageing assets in a financially viable way. Like many sectors, that requires a breadth of expertise and planning.

Horizon Power’s CEO Stephanie Unwin was rightly re-appointed to the role for a further five years. Ms Unwin has been successfully leading the business through a rapidly changing energy landscape while positioning us to achieve our long-term strategy and business objectives.

I would like to thank the WA Government for its leadership, the Board for their stewardship and Horizon Power staff for their dedication to delivering an essential service to Western Australians.

It was a pleasure to work with the former Minister for Energy, the Hon. Bill Johnston. He left the portfolio in a strong position and on behalf of the Board, I extend my sincere appreciation for his leadership and support. I offer a warm welcome to the current Minister for Energy, the Hon. Reece Whitby, who assumed the role in December 2023.

We will continue to work collaboratively with our stakeholders to provide safe, reliable and affordable energy to Western Australian households and businesses and grow a decarbonised energy future.

Samantha Tough

Samantha Tough
Chair

Message from the Chief Executive Officer

Balancing a pathway towards more renewable energy while managing safe, reliable and efficient power systems is always a priority for our business.

This financial year, we remained agile in response to changing customer and community expectations, government policy direction, and commercial environments as we progress through the energy transition in our service footprint.

As a vertically integrated energy utility operating across the full supply chain from generation to transmission and distribution, through to retailing, we are conscious of our responsibilities to address climate change while keeping the cost to supply as low as we can. We need to optimise our existing power systems to deliver more affordable, lower emissions energy using the infrastructure we've already got and investing only where we need to.

This can minimise the need for high-capital infrastructure investment, and wherever possible, we invest in tandem with local community sentiment. We must continue to unlock the potential of our existing networks to make them as efficient as possible, and to make them work effectively for our customers who are installing behind-the-meter products when they can.

We're also implementing real-time visibility of our entire low-voltage network, which will provide a greater understanding of where the most effective investment should be to support electrification and a decarbonised, distributed energy future.

Our corresponding life support and outage management systems project is starting to roll out, with Laverton, Leonora and Menzies our first networks to have this capability go live.

Decentralised power systems and customers as prosumers – and even co-creators – are part of a contemporary energy landscape. This year marked multiple huge achievements as we successfully deployed our Distributed Energy Resource Management System technology in a customer-facing environment with our Smart Connect Solar product, delivering on our commitment to zero refusals to rooftop solar by 2025.

We also launched our electric vehicle-to-grid (V2G) charging trial in Exmouth. V2G has so much potential when vehicles can contribute three to four days of stored energy back into a household in times of need – another way to bring medium duration battery storage into play and boost the reliability of our grids.

"At Horizon Power, we believe all our customers should have access to clean energy solutions, not just those with the direct rooftop and access to capital."

We're always looking at how we can deliver green energy products and services to our customers no matter where they live, or their financial situation.

Cost of living pressures combined with high electricity consumption as our service regions faced record summer temperatures meant our residential and business customers were feeling the pressure from all angles.

We remain committed to easing this financial burden by working to identify practical solutions to address energy affordability, demonstrated with our Sunshine Saver and Kimberley Communities Solar Saver products. Sunshine Saver provides a credit to the household from the renewable assets they are subscribed to – a product we are very proud to have made happen and will roll out further into our footprint.

Our vast regional and remote service area means we often work in challenging situations to maintain reliable electricity supply to our customers and communities. While we didn't see the usual high-profile cyclones this year, we instead battled the impact of flooding from multiple storms that reached far across our inland territory and had long lasting effects. Having to supply fuel by helicopter was a first for Horizon Power, and reflective of our responsibility for the delivery of power to an additional 117 remote communities.

"We’re always looking at how we can deliver green energy products and services to our customers no matter where they live, or their financial situation."

We recorded a net profit after tax of $9.4 million, driven by increased electricity sales to our residential and small business customers, and large enterprise segment in the Pilbara. This allowed us to mitigate inflationary pressures that impacted regional WA during the financial year.

Western Australia is fortunate to have the uniform tariff settings that we do, which is a key lever in household energy affordability. This residential tariff is set by the WA Government and means a customers' per kilowatt hour price is capped, including for customers in regional and remote areas. This financial year we also delivered electricity credits on behalf of the WA and Commonwealth Governments to further address household and small business energy affordability.

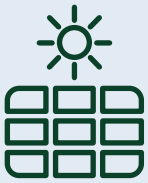
At an internal level, I am proud to lead such a caring, focused and dynamic workforce. Our team balances many challenging circumstances while delivering reliable and safe power to the communities we serve. Our Employee Value Proposition, launched a year ago, goes some way to recognising how much we value our people and is reflected in our positive 2024 employee engagement survey result. We are placed in the top quartile for employee engagement across Australia and New Zealand, and five points above other Australian and New Zealand electrical utilities. This reflects the way we go about our work and our motivation to always strive for the best outcomes we can deliver.

Stephanie Unwin
Chief Executive Officer

Our year at a glance

123
Community Partnership program grants awarded

Zero
refusals to connect to rooftop solar by 2025 achieved across our 38 power systems



24.1 GWh
renewable energy purchased from customers

5
fuel resupply exercises by air to remote communities

Fully digitised asset management with SmartWorks

Delivered
$17.9m
in household and small business electricity credit payments

EV vehicle-to-grid charging trial underway

$63.3m

in contracts to local Aboriginal businesses

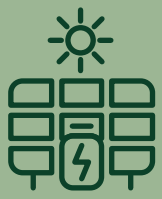
Sharing the benefits of renewable energy with Sunshine Saver

33%

employees working and living in regional WA

Zero

reportable environmental incidents



79

total standalone power systems installed

A cleaner, greener energy future

We are committed to delivering clean energy solutions for regional growth and vibrant communities.

As a Government Trading Enterprise, our actions are aligned with the *Western Australian Climate Policy*, supporting the WA Government's interim emissions reduction target of 80 per cent below 2020 levels by 2030, and net zero by 2050. And, we have our own ambitious decarbonisation target of an 80 per cent reduction in our retailed emissions by 2030^*.

In a fast-paced energy transition, we will continue to evolve our approach to achieving this goal as new technologies become available to further optimise and decarbonise our power systems.

Decarbonisation Planning Program

We are embarking on a dedicated Decarbonisation Planning Program to expedite project planning and optioneering, with at least 27 of our microgrids requiring major generation investment before 2030 driven by expiring Power Purchase Agreements (PPAs), the need for capacity expansion, or when assets approach their end of life (EOL).

The program will accelerate our decarbonisation pathway through establishing critical land, procurement, and engineering activities.

It will facilitate regional investment in renewable energy and other low-emissions technology and provide increased opportunities for regional suppliers and Traditional Owners to participate in the energy transition.

It will also be a key enabler for the implementation of new technology trials and products.

Key streams for delivery

Land, Environment, Native Title and Heritage

Community Engagement

Engineering

Commercial Services

^Based on FY2020 baseline.

*We use the term 'retailed emissions' at Horizon Power to include emissions associated with our own generation and supporting activities, as well as those which relate to the purchase of wholesale electricity supplied by independent power producers (IPPs) for re-sale by Horizon Power to our customers.

Horizon Power microgrids generation investment timeline

Operational performance report

46,919
total customer accounts
36,619 residential accounts
8,897 business accounts
1,403 prepayment accounts

57,018
distribution poles
729 transmission poles
874 transmission towers

53,694
customer connections

1,124 GWh
electricity delivered

Notes to the performance overview table

1. Notifiable Incidents
There were 10 notifiable incidents reported to Building and Energy in FY 2023/24:

- one electric shock/injury to person when a third-party drove a star picket into the ground hitting live LV cable
- four fire in vegetation over 200m
  - fire started from a magpie on a pole falling to the ground
  - pelican hit HV overhead conductor and came to ground starting a bushfire
  - crow hit HV overhead wire and started a grass fire under the line
  - Cape Baron Goose hit HV overhead wire causing conductor clash and broke wire
- two failures of plant in a way that could pose a risk of injury
  - recloser bushing failure causing crop fire
  - flashover in LV frame open switchboard when operating Drop Out Fuse (DOF)
- two third-party contacts with plant that was not up to standard
  - customer hit a street light underground cable which was installed too shallow
  - third-party hit a street light underground cable which was shown misaligned with the network
- one failure to provide good work practices when a contractor failed to isolate the supply causing a mini pillar flashover.

2. Unassisted pole failure rate
The unassisted pole failure rate decreased from 0.65 to 0.41. There was one new unassisted pole failure in Esperance and five poles were removed from the three-year rolling average.

3. Net profit after tax (NPAT)
NPAT was higher than estimated primarily due to increased sale of electricity to residential customers and large enterprises, which helped offset inflationary and commodity price pressures.

4. Unit cost to supply
Increase in unit cost to supply was primarily driven by higher cost base due to the impacts of inflationary and commodity price pressures.

5. Return on assets
Greater return on assets compared to target and previous year, primarily driven by higher earnings before interest and taxes (EBIT) due to higher sales of electricity, partially offset by commodity price pressures.

6. Customer satisfaction rating
A comparable result to the previous year, and above our target of 70 per cent customer satisfaction.

7. Reliability
The number of performing systems decreased from 33 to 27.

8. SAIDI/SAIFI
SAIDI and SAIFI decreased where the generation outages were mainly on smaller systems and the durations were not too long.

Table 1: Performance overview/critical business outcomes FY 2022/23 and FY 2023/24

Critical business outcomes	Target performance 2023/24	Actual performance 2023/24	Target achieved	Actual performance 2022/23	Notes to the table	For more information see page
Safety – minimise the risk of harm						
Public safety Total number of notifiable public safety incidents	N/A	10	N/A	9	1	N/A
Unassisted pole failure rate Number of unassisted pole failures divided by 10,000 over a 36-month rolling average	1.00	0.41	✓	0.65	2	18
Value – maximising long-term value						
Net profit after tax ($m)[1] Profit for the year after income tax	5.2	9.4	✓	7.1	3	83
Cost management (cents/kWh)[1] Unit cost to supply (estimated total cost for financial year excluding interest, depreciation and tax)	37.3	39.3	✗	39.1	4	N/A
Return on assets (%) Earnings before interest and tax (EBIT) on total assets[2]	3.2	3.5	✓	3.3	5	N/A
Community – serving our communities						
Customer satisfaction (%) Survey rating	>70	73	✓	70	6	N/A
System reliability and electricity delivery						
Reliability Number of systems that meet reliability performance standards	33	27	✗	33	7	16
System Average Interruption Duration Index (SAIDI) – average total length of outages in minutes over 12 months	290	140	✓	202	8	16
System Average Interruption Frequency Index (SAIFI) – average total number of outages per customer over 12 months	6.6	2.2	✓	2.8	8	16

1 Target represents latest State Budget estimated actual as approved by State Government (Expenditure Review Committee [ERC])
2 Total assets exclude deferred tax liabilities which are offset against deferred tax assets in the financial statements.

Providing a safe and reliable supply of electricity

Our performance (Table 1, page 15) is measured against key financial and non-financial performance indicators and targets, as outlined in our Statement of Corporate Intent (now Annual Performance Statement) approved by the Minister for Energy.

Across our service area, our customers on average experienced 2.2 power interruptions for the year (a slight decrease from 2.8 in the previous year). This is well within our performance target of 6.6 interruptions (System Average Interruption Frequency Index – SAIFI). The average length of interruptions decreased to 140 minutes (down from 202 minutes in the previous year) and remains well below our target of 290 minutes (System Average Interruption Duration Index – SAIDI).

Throughout the year, the number of performing systems has decreased to 27 of 38 systems. This is a key internal measure of our performance which considers both the duration and frequency of interruptions experienced by our customers in each of our service areas. Generation outages, protection settings issues, heatwave conditions in the Mid West, safety for house fires, lightning and storm activity, and wildlife interactions have all impacted reliability performance in our systems at Bidyadanga, Carnarvon, Fitzroy Crossing, Gascoyne Junction, Halls Creek, Hopetoun, Hopetoun Rural, Laverton, Mount Magnet, Norseman and Onslow.

We recognise the impact of interruptions on our customers and the community and continue to drive continuous improvement in our asset management practices and our response mechanisms should reliability performance issues occur.

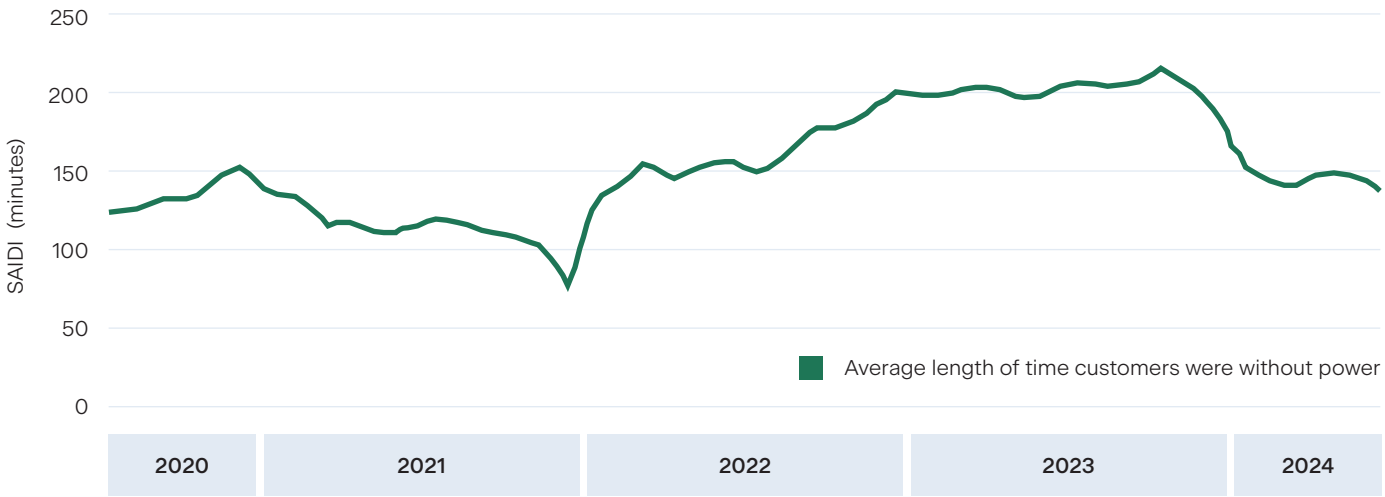
Our ability to respond quickly and cost effectively to remote system faults due to the distance between resource centres remained a challenge throughout FY24. Where appropriate we have adopted alternative resourcing strategies and in some areas we are undertaking targeted reliability programs and projects in addition to investigating and resolving generation reliability issues. Horizon Power has established a generation optimisation strategic project to review and evaluate generation performance to identify key actions to improve performance in FY25 and beyond.

There were no significant weather events that impacted Horizon Power's systems during FY24.

We continued to see strong compliance with our Electricity Network Safety Management System (ENSMS) which provides a structured mechanism and strong focus on safe assets and safe work practices for our workers and our communities.

Figure 1: System Average Interruption Duration Index (SAIDI) FY 2020/21 to FY 2023/24

Reliability performance (using normalised data) over a four-year period



Network assets

There was a 1.04 per cent reduction in the carrier length from the previous financial year. This is mainly due to some single-phase overhead network being replaced by standalone power systems (SPS).

The transformer capacity increased by 19 MVA following installation of an additional 23 transformers.

The number of distribution poles increased by 1.17 per cent. This is from incorporating Aboriginal communities into Horizon Power's network in the Kimberley.

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	71.7
	132 kV underground	3.6
	66 kV overhead	157.1
	66 kV underground	4.0
Distribution	High voltage 3-phase overhead	2064.4
	High voltage 3-phase underground	982.1
	High voltage single phase overhead	2690.8
	High voltage single phase underground	12.2
	Low voltage overhead	566.1
	Low voltage underground	1654.5
Total		**8409.7**

Table 3: Other transmission and distribution assets

Asset	Amount
Total transformer capacity	863 MVA
Number of transformers	4,407
Number of distribution poles	57,018
Number of transmission wood poles	0
Number of transmission steel poles	729
Number of transmission towers	874

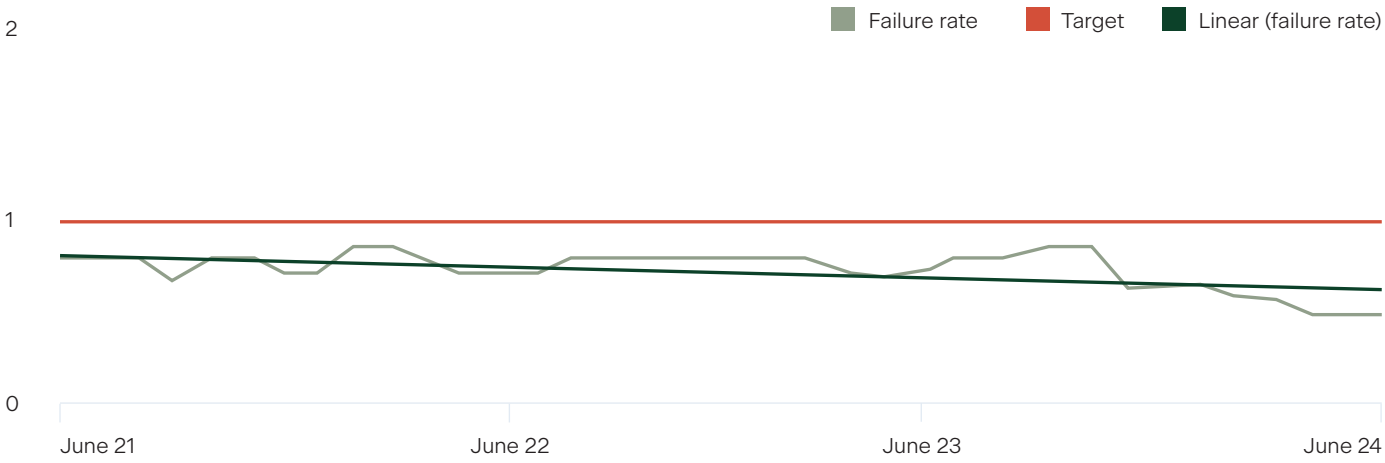
Pole management strategy

We continue to enforce and refine our overhead asset inspection strategy through a disciplined approach to our pole inspection, reinforcement and replacement programs. There were 18,139 network poles and 340 consumer poles (approximately 32 per cent of our pole asset base) inspected this year, with any poles that did not meet Horizon Power's serviceability criteria prioritised for replacement. Pole condemnation rates resulting from inspection and testing have decreased significantly and are now stabilised at less than two per cent of poles inspected. Following the inspection of all overhead assets in 2022 using LiDAR and aerial imagery, rectification and replacement programs were all completed in FY24, significantly reducing the risk of unassisted pole failures.

There was one unassisted pole failure for the year in Esperance, which overall remains extremely low and below target for our pole population.

Figure 2: Unassisted pole failure rate FY 2021/22 to FY 2023/24

Rate per 10,000 on a three-year rolling average



The current unassisted pole failure rate has decreased from 0.65 to 0.41 which is well below the industry target of 1.0 in 10,000 poles per annum. This performance is attributed to the application and continuous improvement of our overhead asset inspection strategy.

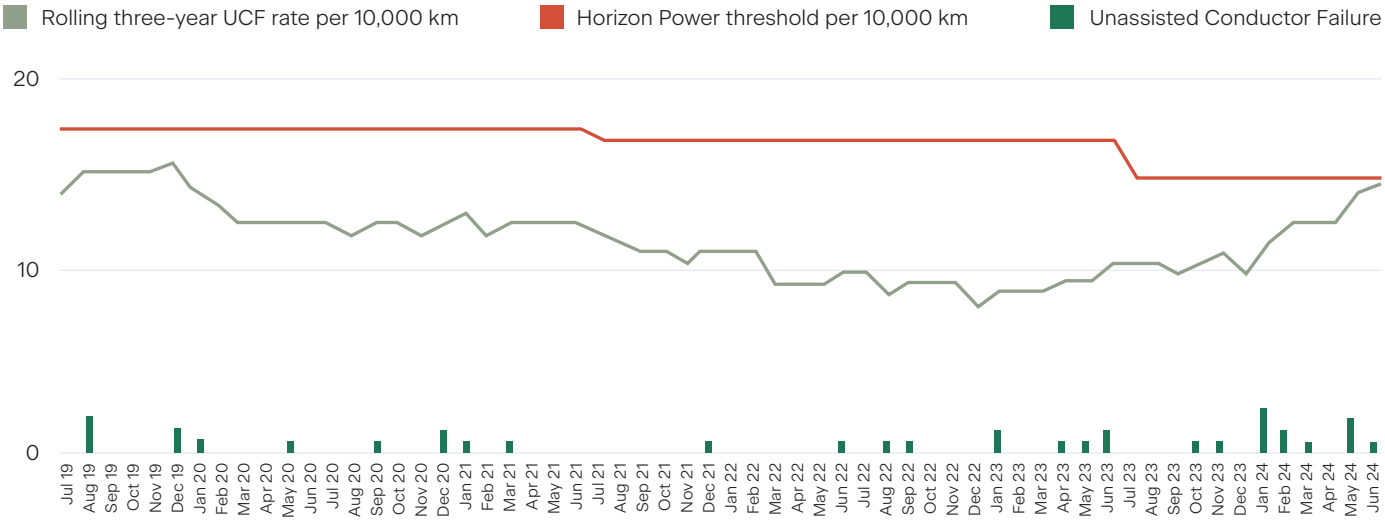
In addition to continuing to manage network pole risk, the first consumer pole in a customer's property will now be inspected routinely, similar to our network poles, and forms part of our updated overhead asset inspection strategy.

Conductor management

We continue to enforce and refine our overhead asset inspection strategy through a disciplined approach to detect conductor and supporting hardware defects and undertake prioritised repair and replacement programs. A significant portion of our overhead network was inspected in 2022, with any conductor or hardware defects identified that did not meet Horizon Power's condition criteria guidelines prioritised for repair or replacement. This was in addition to the inspection of all overhead assets in 2022 using LiDAR and aerial imagery, where conductor and supporting hardware defects identified were also prioritised for repair and replacement, with all work completed in FY24 to manage the risk of unassisted conductor failures.

Over the course of FY24, there were 13 unassisted conductor failures – six in Esperance, three in Dampier, one in Exmouth, one in Derby, one in Hopetoun and one in Carnarvon. This exceeds our target objective of eight.

Figure 3: Horizon Power unassisted conductor failure (UCF)



Acknowledging this increase in the number of events, we have undertaken the following:

- Continue to inspect conductors routinely as part of our overhead asset inspection strategy. These assessments identify those conductors most prone to failure and in poor condition with targeted conductor replacement programs to manage the risk of unassisted failures of our conductors across the network. This also includes the delivery of a 10-year replacement program for conductors prone to deterioration and failure in the Esperance region.
- We have delivered significant conductor replacement programs in Carnarvon and the Kimberley, with recent condition assessment and failures experienced in the Pilbara also triggering additional conductor replacement.
- In 2022, we surveyed our entire overhead network using LiDAR and aerial imagery, with high resolution images captured on all overhead assets which identified hardware and conductor defects that were difficult to detect using traditional ground-based inspection programs. These defects have been prioritised and rectified.
- We continue to analyse the correlation between conductor and pole top hardware conditions to local environmental factors (e.g. wind direction and speed, proximity to corrosion sources, conductor age and material types) to further enhance and improve our overhead asset inspection strategy.
- We continue to review our inspection processes and condition guides to improve the identification and assessment of hardware and conductor defects to prioritise further repair and replacement to mitigate further unassisted conductor failures.

Lead the energy transition

Energy customers are moving from consumers, to prosumers, to co-creators. Embracing new technologies for decarbonisation and enabling customer energy resources for greater participation are key areas of focus for our business as we lead the energy transition.

Orchestrating bidirectional energy flows

As we incorporate more renewables into our power systems, firming and smoothing our microgrids – balancing energy supply and demand against the intermittent nature of renewable resources – becomes increasingly important to allow the continued delivery of an efficient, reliable power supply.

We use various technologies for this function, including batteries and internet-based technologies such as our Distributed Energy Resource Management System (DERMS).

In April 2024, we commenced a **12-month electric vehicle (EV) orchestration trial** to test two-way charging using vehicle-to-grid (V2G) smart charging equipment in four Nissan Leaf EVs in place of the standard one-way EV batteries.

The Nissan Leaf EVs are being used by local Exmouth organisations who are partnering with Horizon Power to complete the trial: Gascoyne Development Commission, Shire of Exmouth, Exmouth Chamber of Commerce and Industry, and WA Country Health Service.

A first of its kind in Western Australia, the trial will allow us to test the effectiveness of our DERMS platform in orchestrating energy flows in a grid that incorporates smart chargers, including V2G capable units.

"The EV orchestration trial will provide valuable insights around whether our customers' next cars can help power their homes, keep downward pressure on their power bills and help stabilise our electricity grid."

- CEO Stephanie Unwin

15

WA EV Network fast-charging sites live across our service area

100%

Our Kununurra charging station is the first WA EV Network location powered by 100 per cent renewable hydro energy

Supporting the uptake of EVs

There were 15 active EV fast-charging locations across the **WA EV Network** in Horizon Power's service area by June 2024, with charging sites either grid connected (connected to a town power supply) or off-grid (connected to a standalone power system).

Funded by the WA Government and jointly delivered by Horizon Power and Synergy, the WA EV Network will have a total 98 charging stations across 49 locations. We are installing chargers in 27 locations in our service area. Some of the recent locations to have fast-charging stations go live include Pardoo, Nanutarra and Overlander.

When completed, the WA EV Network will be Australia's longest connected EV charging network spanning more than 7,000 kilometres. When this project was conceived in 2021, there were about 3,700 EVs registered in WA (battery electric vehicles and plug-in hybrid electric vehicles) – by December 2023, WA EV registrations rose to 17,000.[3]

As a state-owned enterprise supplying electricity to Western Australians, we are well-positioned to support the WA Government to build critical EV charging infrastructure to enable the rapid uptake of EVs, as outlined in the *State Electric Vehicle Strategy for Western Australia.*

Maximising customer and environmental outcomes

Our *Esperance Energy Transition Project Knowledge Sharing Report – November 2023* revealed bill savings of between 14-59 per cent for Esperance customers who made the switch to electric alternatives following the cessation of reticulated gas supply to the town in 2023.

The **Esperance electrification project,** combined with our **Shark Lake Renewables Hub** generating up to 38 per cent renewable energy and reducing carbon emissions by approximately 18,000 tonnes^, has positioned Esperance as a model town on the pathway to net zero as other locations, including those in other jurisdictions, phase out gas and transition to low-carbon communities.

14-59% energy bill savings for Esperance customers who made the switch to electric alternatives

^Based on FY2020 baseline.

3 Department of Transport. (2024). Western Australian Electric Vehicle Analysis Summary December 2023 Quarter. Government of Western Australia.

Co-creating cleaner, greener energy solutions

At Horizon Power, we understand the value and importance of collaborating with our customers and we're passionate about energy equity, believing the energy transition should be accessible to all.

In recognition of this commitment, we are a signatory to the **national Energy Charte**r and are Western Australia's only signatory.

Our role as an Energy Charter signatory aligns with our guiding principles of: community involvement; Aboriginal and Torres Strait Islander commitment; cleaner, greener; and regions first.

Our principles drive us to engage regularly, co-create solutions where practicable, and deliver positive outcomes to improve the communities where our customers live and work.

We actively collaborate with other Energy Charter signatories, sharing best practice knowledge and contributing to the development and delivery of practical solutions. These include #BetterTogether initiatives covering: First Nations better practice community engagement; better protections for life support customers; customer-led tariffs; and vulnerable customer programs.

Established in 2023 to further our commitment to customers and community, the **Horizon Power Customer Council** is a collaborative, customer-led working group which represents our diverse regional and remote customer base.

Council membership includes Horizon Power CEO, board member (Chair of Sustainability & People Committee), secretariat and other representatives, being:

- Western Australian Council of Social Service (WACOSS)
- Western Australian Advocacy for Consumers of Energy Forum (WA ACE Forum, facilitated by Energy Policy WA)
- Regional Chambers of Commerce and Industry WA (RCCIWA)
- Rural, Regional, Remote Women's Network
- Residential and business customers representing Kimberley, Esperance/Goldfields, and Gascoyne/Mid West regions.

During quarterly meetings, representatives advocate on energy issues affecting their regions including cost of living pressures and business challenges, as well as providing customer product and energy project feedback.

Insights from discussions on regional business challenges have resulted in a new small business advisory initiative to provide practical solutions and energy-related advice for this customer segment.

25%

of customers live outside our regional depot towns

$400

minimum electricity credit payments facilitated on behalf of the WA Government

Targeted assistance for our customers

Historically, our regional and remote customers experience higher levels of hardship than customers elsewhere in WA. In addition, a larger proportion of our customers are in social housing and rent their homes compared with customers outside Horizon Power's service area, which can limit their ability to adapt their housing to reduce energy use and costs.

It's important to provide support to our customers experiencing hardship or needing help to reduce and pay bills so they can continue to have access to affordable, reliable electricity.

The **Energy Ahead program** (formerly known as the Household Energy Efficiency Scheme) is delivered by Energy Policy WA alongside Horizon Power, with work done in partnership with Nirrumbuk Environmental Health and Services. The program is designed to provide energy education to vulnerable West Kimberley households, helping them to reduce energy consumption and lower their electricity bills.

With more than 25 per cent of customers living outside our regional depot towns, our **Customer Service on the Move** initiative allows everyone to receive an equitable standard of face-to-face service.

Our **Family and Domestic Violence Policy** has been updated to reflect current provisions in the Economic Regulation Authority's *Code of Conduct for the Supply of Electricity to Small Use Customers*. Key protections we provide to vulnerable customers relate to the protection of information, capturing preferred methods of communication, and disconnection protection.

Training for our front-line staff to implement the policy was developed in consultation with, and delivered by, Lifeline.

We also facilitated the payment of **household and small business electricity credits** on behalf of the WA Government. These credits provided a minimum of $400 in financial relief for WA households, with additional relief for concession card holders provided by the Commonwealth Government. Small businesses that used up to 50 MWh of electricity per annum were eligible for a $650 credit from the WA Government and included an amount provided by the Commonwealth Government.

This year we delivered more than 40 Customer Service on the Move visits to communities across our service area

More than one in three WA households are already taking advantage of the environmental and bill savings benefits of rooftop solar photovoltaic (PV) energy.[4] With an abundance of sunshine in our State, solar power is one of the best ways to deliver clean, reliable, equitable energy opportunities to our customers.

Solar solutions to improve customer affordability

Kimberley Communities Solar Saver

We have launched the Kimberley Communities Solar Saver program, which is being tested in remote Aboriginal communities in the Kimberley region.

This program uses a distributed solar farm concept that will install rooftop solar PV systems on suitable buildings in each community. The renewable generation will be aggregated, with bill credits distributed across all community households. This way, the community shares the assets and shares the benefits, delivering on our aim to address energy equity and make energy more affordable for all customers.

This project is focused on increasing renewables to WA's far north – reducing reliance on diesel, reducing emissions, lowering customer bills, and delivering equitable clean energy transition outcomes to people living in remote communities.

Solar installations were rolled out in Warmun with insights from the deployment informing planning for program expansion to other communities.

Participating remote Aboriginal communities can benefit from the clean energy transition, with an estimated average household saving of approximately $450 in annual energy costs.

The program will install a total of 300 rooftop solar systems with a combined capacity of 2 MW, delivering bill savings for more than 430 households.

The Kimberley Communities Solar Saver program is supported by Community Solar Banks funding in partnership from the Commonwealth and WA Governments, and WA Government funding as part of its Sectoral Emissions Reduction Strategy.

4 Department of Energy, Mines, Industry Regulation and Safety, Energy Policy WA. (2023). Solar energy generation. https://www.brighterenergyfuture.wa.gov.au/solar-energy-generation-2/

Derby Regional Hospital

We have installed a 910-panel, 364 kW large-scale rooftop solar PV system at Derby Regional Hospital in partnership with WA Country Health Service.

Modelling forecasts the system could reduce the hospital's annual energy consumption from the grid by 24 per cent, saving about $70,000 annually in variable energy costs and cutting carbon emissions by approximately 300 tonnes per year.

The rooftop solar system is supported by a community battery to help smooth power flows caused by fluctuating rooftop solar generation.

Solar Schools Program

Our stage two Solar Schools Program installations are approaching completion and will deliver about 1.3 MW of rooftop solar across 35 schools in regional and remote Western Australia.

This will result in a reduction of average annual energy costs by approximately 24 per cent while cutting annual carbon emissions by about 1,000 tonnes – the equivalent of taking around 300 petrol engine cars off the road. The program is part of the WA Government's $44.6 million Schools Clean Energy Technology Fund.

CASE STUDY 1: SMART CONNECT SOLAR

Removing limits on rooftop solar

Launched in February 2024, Smart Connect Solar is a game-changing product that harnesses the power of Distributed Energy Resource Management System (DERMS) technology which will allow thousands more customers to install rooftop solar, providing an opportunity to generate their own clean energy and reduce electricity bills.

Australia leads the way in the uptake of rooftop solar, but the intermittent nature of this renewable energy resource presents challenges to maintaining a safe and reliable power supply as grids integrate more panels into the power system.

When too much solar energy is fed back into the network, it can lead to voltage and frequency issues, and when clouds block out the sun and solar energy is suddenly lost, power generators at the central power station might struggle to meet the sudden spike in demand, potentially causing damage to the network and triggering outages.

Historically, when photovoltaic (PV) driven power quality issues were observed across our power systems, we introduced a technical limit for controlling PV uptake (also known as hosting capacity).

Smart Connect Solar has removed these hosting capacity limits, enabling the achievement of our strategic goal of zero refusals when connecting to rooftop solar by 2025, and contributing towards the goal of an 80 per cent reduction in retailed emissions by 2030^

Smart Connect Solar's DERMS technology incorporates analysed weather predictions and connects a customer's new solar system to the grid via an internet-based Horizon Power-supplied and maintained Secure Gateway Device.

This advanced technology enables us to smooth energy fluctuations caused by solar energy generation in real-time, managing generation, and maintaining the integrity of our power systems.

Across a typical year, customers may experience an average 10 per cent energy management (kWh), representing a marginal potential reduction of solar generation in a customer's system – but with the greater benefit of reduced power bills and the ability to generate their own clean energy now.

Importantly, all customers on an individual network will experience the same levels of energy management, and Horizon Power customers can still enjoy buyback rates for rooftop solar as part of the standard Distributed Energy Buyback Scheme (DEBS).

Through Smart Connect Solar, Horizon Power can effectively manage the integration of more renewable energy resources into existing grids, laying the foundations for future enhancements such as the incorporation of batteries and electric vehicles.

^Based on FY2020 baseline.

Lessons learned

- Following the initial rollout, a ‘hypercare phase’ enabled the improvement of end-to-end customer and installer experiences, processes and systems, prior to larger town-based rollouts.
- Customer experience design approach increased overall customer service performance.
- Early installer engagement meant they understood the product and could confidently advise customers and effectively manage installs.
- Continuous improvement activities have informed algorithm refinements to minimise energy management and optimise system performance.

Customer benefits

- Access to solar now
- Reduced electricity bills

Community benefits

- Cleaner, greener, lower carbon communities
- Increased opportunity for work in regional locations

Fast facts

- 284 solar applications with 70 Smart Connect Solar system installs since product launch

CASE STUDY 2: SUNSHINE SAVER

More households to save on their energy bills

When we invested in the Shark Lake Renewables Hub in Esperance we realised a net reduction in energy supply costs to the town, prompting the release of Sunshine Saver. This new customer product shares the benefits of our investment with eligible customers who are unable to gain access to rooftop solar.

Launched in October last year to eligible Esperance customers, Sunshine Saver is a subscription-based product making it easier for more households to save on their energy bills.

We know rooftop solar can reduce customer energy bills by up to 50 per cent. However, for many of our customers this technology and the benefits of rooftop solar are out of reach. Sunshine Saver addresses this equity gap.

Eligible customers are those without rooftop solar on a residential A2 tariff and meet any one of the following eligibility criteria:

- Renting their home
- Hold a valid concession card
- Registered as a hardship customer.

Once subscribed, for $1 a day customers receive:

- $1.54 credited to their account each day, regardless of usage
- 10 per cent off energy consumed between 6am and 6pm each day, in excess of the five subscription-based units.

There are no sign-up fees, no home visits and customers can cancel anytime.

A Sunshine Saver subscription will deliver on average an 11 per cent reduction in energy bills, or about $219 in savings annually.

“A great initiative to provide households a direct saving on their energy bill and make a positive difference in their lives.”

– local financial counselling service Escare

Following the Esperance launch, Sunshine Saver became available to eligible customers in the towns of Wiluna, Yalgoo, Sandstone, Cue, Meekatharra, and Norseman in May, leveraging our investment in the Mid West Solar program.

As we increase our investment in solar generation and battery energy storage systems, we can roll out Sunshine Saver to customers in other locations.

Sunshine Saver supports our strategic goals of an 80 per cent reduction in carbon emissions by 2030^ and delivery of customer facing solutions to reduce energy bills. The expansion of our Sunshine Saver product is supported by Community Solar Banks funding in partnership from the Commonwealth and WA Governments.

^Based on FY2020 baseline.

For a $1 daily subscription fee

Applied to your account and included in your bill.

You'll get 5 units each day

That's $1.54 in daily bill savings, credited to your account regardless of energy usage.*

Plus 10% discount on additional units

Used between 6am - 6pm, every single day.

Saving you around $30 each bill*

Shift more usage to daytime hours and save more.

*These are approximate savings only, based on the average consumption of a residential A2 tariff customer in in the Gascoyne/Mid West and Norseman areas.

Lessons learned

- → In-person engagement with eligible customers and community stakeholders is critical to product uptake.
- → Improvements to website onboarding user experience.
- → Simplified messaging for a more streamlined customer engagement experience.

Customer benefits

- → Reduced electricity bills
- → Addresses the equity gap to accessing rooftop solar

Community benefits

- → Cleaner, greener, lower carbon communities

Fast facts

- → 55% of customers are renters
- → 22% of customers are concession card holders
- → 161 customers signed up to Sunshine Saver

Committed to serving our communities

Our values of safety, team, integrity and customer lay the foundation for how we treat each other and underpin the strong culture required to deliver high-quality services.

Digital transformation and a digital-first approach

We have been at the forefront of testing and deploying new digital technologies and are embracing the benefits digital technology can bring to our business. This includes optimisation of our operations, business performance, and customer and employee experiences.

The **development of a Network Condition Monitoring Tool** is one of the ways we successfully use artificial intelligence (AI) in our business. The tool uses AI-powered advanced analytics to provide data-driven performance insights on our low voltage network, which leads to better power quality management and customer safety.

To further improve customer safety, we are **upgrading our Life Support and Outage Management System** to provide full visibility over both our low voltage and high voltage networks, right down to the customer meter. Visibility of our entire networks means we can accurately identify customers impacted by outages and can streamline and automate our notification process for both planned and unplanned outages, resulting in improved customer outcomes.

The **Eftsure payment verification solution** has introduced a robust layer of security and efficiency to our financial operations. Eftsure provides real-time multifaceted verification of payee details, significantly reducing risk of payment fraud and errors. This is particularly crucial given the prevalence of business email compromise scams affecting Australian businesses.[5]

Through the implementation of Eftsure we verify supplier vs payee account details before each payment and have bolstered our commitment to fraud detection, modern slavery and cybersecurity.

The rollout of our **Procurement Information and Supplier Management (PRISM)** system is a significant step forward in streamlining our procurement, invoicing, receipting, and supplier management practices. Benefits to the business include improved efficiency, better policy compliance, and a more robust management of conflicts of interest.

"Modernising our SHWMS will provide a contemporary approach to safety, health and wellbeing, reduce risk, continuously improve the way we work and most importantly 'make it easy' for our people to access the information they need to keep safe."

– Jennie Milne, Executive General Manager, Employee Experience & Reputation

Contemporary safety frameworks and systems

Our approach to safety continues to evolve to reflect contemporary and user-friendly frameworks and systems.

We have designed a roadmap to guide the **modernisation of our Safety Health and Wellbeing Management System (SHWMS)**. The aim is to provide a streamlined management system with a strong focus on user engagement, with actionable improvements to be delivered in the coming financial year.

We also focused on **maturing our approach to critical risk**. Executive-sponsored workshops have used incident and control verification data to inform improvements, and we have integrated critical risks into our enterprise risk management system.

In the 2023/24 financial year, our leaders engaged in almost 1,500 key performance indicator Safety Health and Wellbeing (SH&W) activities. Additionally, we delivered **leadership training on the management of psychosocial risk in the workplace** to all our leaders across the State and implemented our Good Work Guide as a practical tool to further assist leaders in the identification and management psychosocial risk in their teams.

In the coming financial year, we will undertake a Safety Health and Wellbeing maturity assessment to measure our progress against our current SH&W strategy (2022-2025) and identify opportunities for continuous improvement. This assessment will inform the next three-year SH&W strategy FY26-28.

~1,500

KPI Safety Health & Wellbeing activities completed by leaders

5 Australian Signals Directorate. (2023, November 14). ASD Cyber Threat Report 2022-2023. https://www.cyber.gov.au/about-us/view-all-content/reports-and-statistics/asd-cyber-threat-report-july-2022-june-2023

Continuity of customer power supply in extreme weather conditions

This year, our **summer readiness contingency plan** was activated due to the prolonged wet season and related flooding in the Kimberley, Pilbara and Esperance/Goldfields regions. These extreme weather conditions were further exacerbated by Ex-Tropical Cyclone Megan.

Consecutive and sustained weather events extended road closures, requiring vigilant monitoring of fuel levels, planning for fuel supply delivery where weather and road access permitted, and leveraging contingency plans when roads remained unpassable.

During the 2023/24 wet season, 79 remote communities were isolated due to road restrictions: 48 in the Kimberley region, 18 across the Pilbara and Gascoyne/Mid West regions, and 13 from the Esperance/Goldfields region. Between February and May, five fuel resupply exercises by air were successfully completed across the Kimberley.

We collaborated with local governments, the Department of Fire and Emergency Services and our Regional Service Providers, and fuel provider Recharge to explore all possible fuel supply options.

We were also faced with challenges in Laverton, where extreme weather conditions, access barriers, and equipment failures caused unplanned outages. We are now incorporating improved generation capacity and asset condition and replacement timeline data into our summer readiness planning as a preventative measure to avoid future issues.

Taking action on reconciliation

This financial year, we progressed a large scope of actions from **our Innovate Reconciliation Action Plan 2022-2024** including establishing and maintaining mutually beneficial relationships with Aboriginal stakeholders, encouraging employee participation in National Reconciliation Week and other reconciliation activities, and collaborating with like-minded organisations to develop innovative approaches towards reconciliation.

We have worked with the Murujuga Aboriginal Corporation to get the right outcomes for the undergrounding of existing power lines on the Burrup Peninsula, allowing us to improve reliability of supply to Karratha's Airport while protecting heritage and the environment.

In April 2024, we proudly hosted a **RAP RING (Reconciliation Action Plan – Reconciliation Industry Network Group) workshop.** An initiative of Reconciliation WA (RWA), the workshops connect RWA members with their RAP level peers to share best practice thinking.

In line with our view that internal understanding must come first, we continue to facilitate **regional On-Country cultural immersions.** Each of our depots participates with Traditional Owners from the respective region delivering the On-Country cultural immersion to extend understanding of the cultural history and cultural significance of the places where our staff work and live. This year we also held two cultural immersions for Bentley staff.

As a sign of our unwavering commitment to reconciliation, we signed our first Indigenous Land Use Agreement with the Nyul Nyul Traditional Owners of Beagle Bay and co-signed a Statement of Intent for the protection of Murujuga country

Kununurra Community Mural Project by artists Jerome Devonport and George Domahidy; image of Miriwoong Gajerrong Aboriginal Elder Ben Ward.

Our approach to teamwork

Our **operations crew provided support to Western Power** to restore power to its network when widespread outages occurred following extreme weather events in the Perth Hills, Goldfields and Wheatbelt in January this year.

Sixteen of our operations crews were mobilised to assist with power restoration in Wongan Hills, 180km north of Perth, with our Esperance and Carnarvon crews delivering heavy equipment and light vehicles. We supported the rebuild of three feeders and replacement of burnt-out poles, conductors and hardware.

Employee attraction and retention

Our teams work on impressive energy projects across WA, making meaningful contributions to connected and thriving regional and remote communities. We also recognise the challenges of an industry-wide national skills shortage. In this highly competitive labour market, we are committed to positioning Horizon Power as an employer of choice.

Our **Employee Value Proposition (EVP) phase two** is centred around attracting new staff using a modern recruitment approach that aligns with current workforce trends and employee expectations. This includes better promotion of our EVP to prospective staff and showcasing its core pillars of: work that works with you, seriously impressive projects and technology, and real recognition and rewards.

To increase our Aboriginal employment, we launched a video 'Deadly Energy Mob' highlighting the cultural safety that has been created at Horizon Power, the regional locations we serve and the diverse employment opportunities we offer.

To support our regional workforce, we are **implementing a program to boost our housing stock** in response to the current housing shortage in our service regions, which has implications for our ability to attract and retain regional-based staff. In the 2023/24 financial year, architectural designs were completed for houses in Carnarvon, Broome and Kununurra, and we purchased multiple properties across our geographical footprint. In the 2024/25 financial year, we will continue the procurement process of increasing our housing stock by buying and/or building.

We're also **building internal capacity in generation repair and maintenance work** as we bolster our ability to complete these works in-house, as well as upskilling staff in the operation of the Denham hydrogen plant and standalone power systems.

Phase 2

of our Employee Value Proposition underway


ABB

Building a successful future workforce

We have proudly invested in our future workforce through the creation of a dedicated Program Coordinator role for our career pathway program for apprentices, graduates, trainees and interns.

Apprentices

Our first and second-year apprentice roles currently include Mechanical Fitters, Undergrounding Cable Jointers, and Overhead Distribution Line Workers working in various regional locations from Kununurra to Esperance.

Graduates

Engineering graduates complete six rotations over three years in Asset Services, System and Network Planning, Engineering and Project Services, Project Engineering, Future Energy Systems, Technology Shared Services, and regional operations.

Our rotations provide hands-on learning across engineering disciplines to complement the Engineers Australia/Australian Power Institute power and renewable energy graduate program. This course develops critical workplace skills and is supported through our internal mentoring program and GradLink networking initiative, as well as external networking opportunities such as Women in Energy, Electric Energy Society of Australia and Young Energy Professionals.

Trainees

Three regional trainees have successfully completed their Certificate III in Business through TAFE sites in Kununurra, Broome and Pundulmurra (South Hedland). Trainees complement their busy customer service roles with formal training in delivering exceptional customer service, sustainable work practices, scheduling and workplace safety. The Customer and Community Division receives excellent support from this pipeline of talent in key work streams including our Distributed Call Centre, Customer on the Move, and Community Partnerships program.

Interns

Engineering students are recruited bi-annually for summer intern placements between November to February. Interns gain valuable hands-on learning and are welcomed into GradLink to develop their skills and experiences in the energy industry.

Career Trackers

Our partnership with Career Trackers has resulted in Aboriginal intern students securing permanent part-time employment with us. Career Trackers is a national purpose-driven organisation that supports Aboriginal university students by linking them with employers to participate in paid internships.

TAFE partnership

We have donated a 3 kW standalone power system (SPS) unit to North Metropolitan TAFE, providing equipment required to train and upskill a future workforce in the operation and maintenance of off-grid clean energy technology.

Horizon Power and North Metropolitan TAFE also have a Memorandum of Understanding covering the development of operations and maintenance training packages for a variety of new technologies including SPS units, hydrogen, community battery storage and battery energy storage systems.

Our career pathway programs

Seven apprentices
on a four-year program

Ten graduates
on a three-year program

Eight interns
on an annual basis

Three trainees
who have completed Certificate III qualifications


HORIZON
POWER
FVZ F500316
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CASE STUDY 3: SMARTWORKS

Transforming our asset management and field operations

SmartWorks, a transformative project under our Utility of the Future program, will significantly uplift our asset management and works delivery capabilities. This project leverages digital tools and technology to optimise the planning, scheduling and execution of field work, leading to more accurate work practices, an improved employee and customer experience, and business cost-savings through increased efficiency.

As we increase the amount of renewable generation into our power systems, our asset-related work will increase. SmartWorks will reshape the way we manage our assets, enabling us to:

- Standardise asset and works management processes across all regions
- Fully automate end-to-end works management processes for all asset and work types
- Plan long range activities and prioritise, schedule and execute work demands
- Effectively manage resource capacity with a consolidated view of resource availability, inventory, pre-requisite permits and approvals
- Improve field execution and efficiency for field crews having all job-related information on a mobile device.

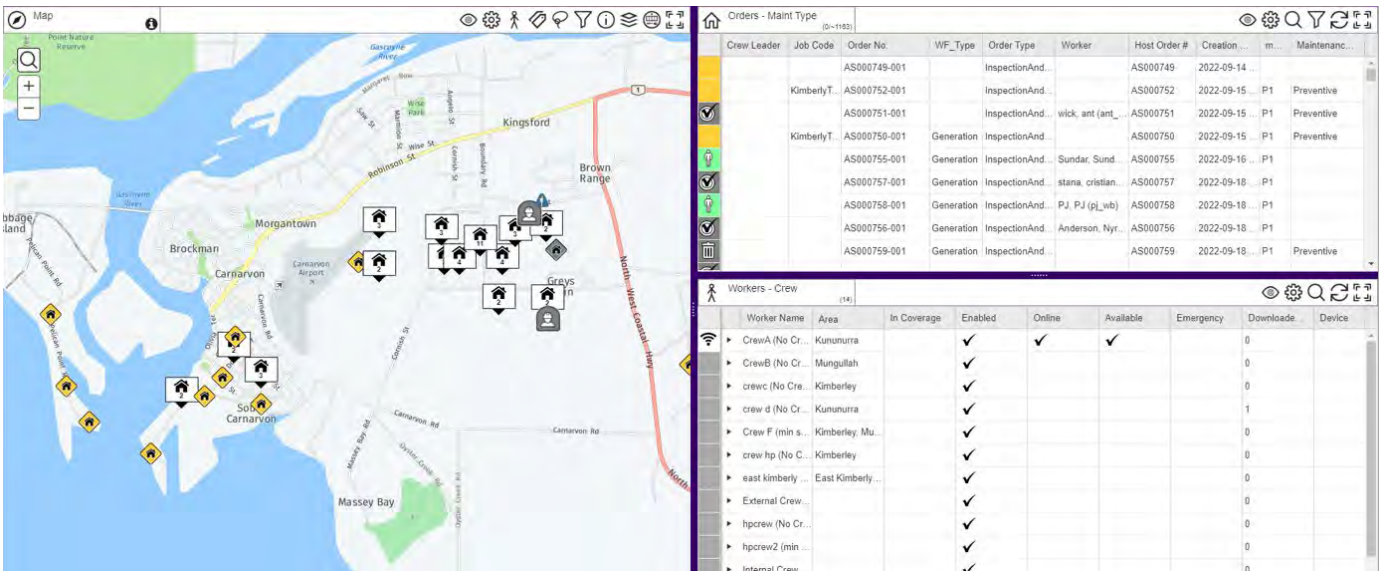
Embracing digital transformation and technologies is evolving us into a contemporary digital utility. This involves moving towards automated decision-making, mobility, and a digital customer experience in business and operational areas.

System integration testing for a major release is now completed and user acceptance testing is under way. The full system rollout including technology, change management and training will be completed by the end of 2024. The system rollout will involve on-the-ground training by the SmartWorks project team, followed by dedicated on-site support in each region.

The SmartWorks project is supporting our strategic goal of being a sustainable business.

“The future is looking great with SmartWorks. Processes streamlined and efficiency improved.”

– Horizon Power Senior Power Systems Officer, East Kimberley



Identify	Plan and package	Schedule and dispatch	Execute	Complete	Review and close

Lessons learned

- Transformation goes beyond technologies and tools and requires open communication and collaboration: a complex change management plan is needed.
- Continuous project reviews and business process updates are necessary.
- Expectations on technology solutions need to be continuously managed.
- High impact change requires executive leadership support.

Employee benefits

- Enhanced employee experience
- Helps to deliver safe, quality work on time and budget

Customer benefit

- More efficient maintenance of power supply assets

CASE STUDY 4: GOOD WORK GUIDE

Better protecting our workforce from illness and injury

When WorkSafe WA released a *Psychosocial hazards in the workplace Code of Practice*, we enhanced our workplace safety, health and wellbeing systems to better protect our workers from mental health illness and injury, which included the introduction of the Good Work Guide.

The Good Work Guide is a practical and contextual tool to support leaders in identifying and managing psychosocial risk within their teams.

This helps to protect employees from harm to their health, safety and welfare, and improves business success through higher employee productivity.

The Good Work Guide categorises psychosocial hazards into four key themes: work design; leadership; hours of work, fatigue and lone work; and violence and aggression in the workplace.

Across the four themes are clear expectations and actions to deliver what 'good' looks like in the workplace. This includes adequate role clarity and demands; effective teamwork and communication; training; fatigue and burnout; wellbeing and complaints handling.

The guide includes an online checklist which can be completed anonymously by both team leaders and team members to rate how well the business aligns to what 'good' looks like, as stated in the guide. Employee-driven data allows for a better understanding of collective psychosocial risk and highlights key focus areas to address any identified gaps.

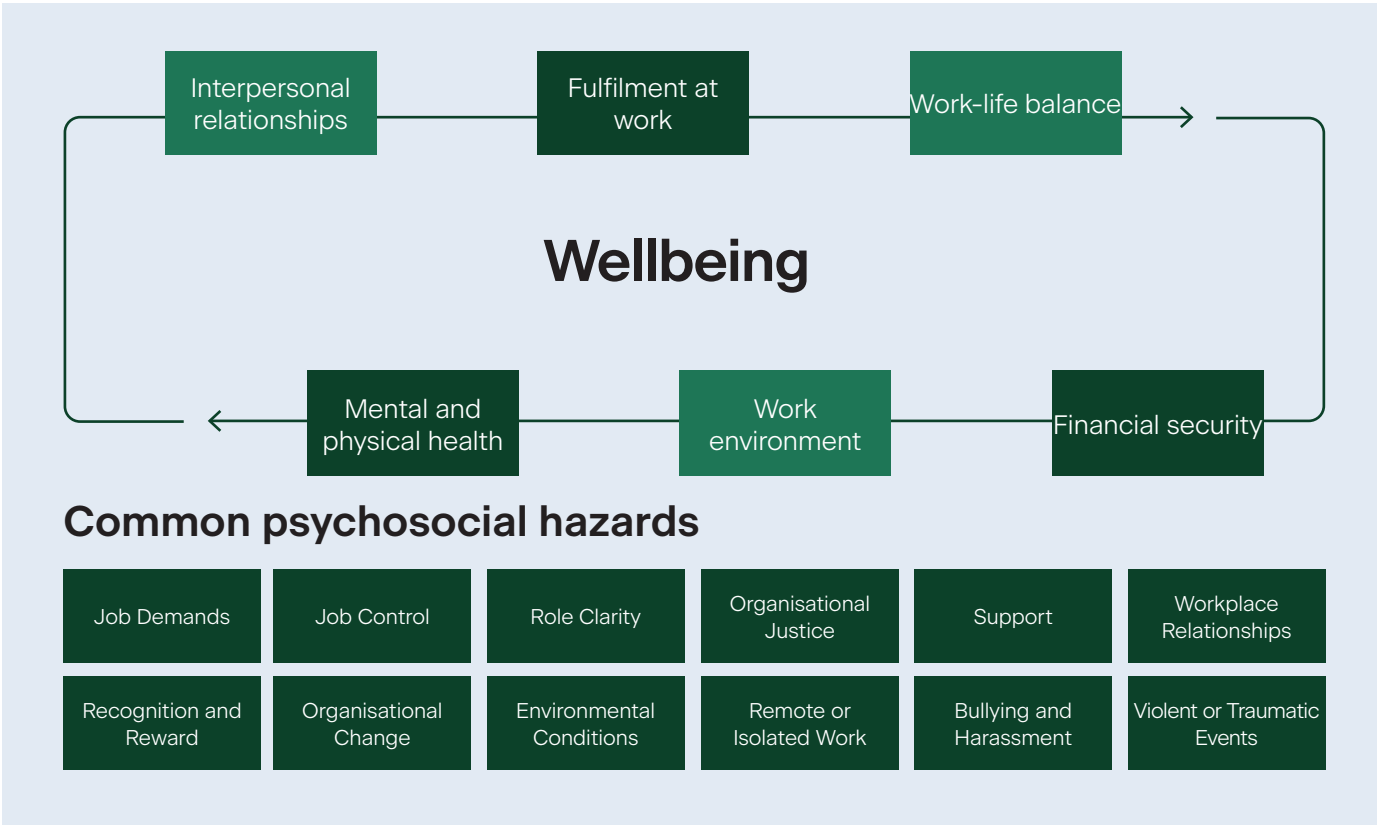
With a vision for continual improvement and proactive management, team leaders can also create a Leaders Good Work Improvement Plan with positive improvement actions for themselves, or their team.

In today's rapidly evolving work landscape, the concept of good work design has gained significant importance. Good work design is not just about creating aesthetically pleasing workplaces – it's about creating environments that optimise productivity and promote wellbeing and safety for employees.

The Good Work Guide's framework was informed by WorkSafe's *Psychosocial hazards in the workplace Code of Practice*, Safe Work Australia's *Principles of good work design handbook* and the Department of Energy, Mines, Industry Regulation and Safety's *Psychologically safe and healthy workplaces risk management approach toolkit*, and aligns with our Employee Value Proposition of 'work that works with you'.

Themes of good work

- Work design
- Leadership
- Hours of work, fatigue and lone work
- Violence and aggression in the workplace



Lessons learned

An external audit of the design and operational effectiveness of psychosocial hazard management practices was completed this year, with largely positive findings:

- **Horizon Power has well established organisational risk management procedures, policies and systems.**
- **There is a strong leadership appreciation and commitment towards the Good Work Guide.**
- **As detailed under section 4.2 of Horizon Power's Mental Health Strategy and Action Plan, the reporting of hazards and incidents will continue to be strengthened.**

Employee benefits

- **Improved safety and wellbeing, particularly a psychologically safe workplace**
- **Improved engagement, performance and productivity**

Customer benefits

- **Better customer outcomes through improved employee performance**

Fast Fact

- **51 Good Work Checklists completed in FY2024: 24 leaders and 27 team members**
- **79% of leaders completed mental health training this financial year**

CASE STUDY 5: INDIGENOUS LAND USE AGREEMENT

Historic agreement signed in the Kimberley region

This year marked a significant milestone for Horizon Power as we signed our first Indigenous Land Use Agreement (ILUA) with the Nyul Nyul people of Beagle Bay. This represents a pivotal moment in our reconciliation journey.

The agreement demonstrates our commitment to making the energy transition fair and equitable for all Western Australians. It supports the Nyul Nyul people and Beagle Bay community's aspirations to participate in the clean energy transition and embrace a cleaner, greener energy future.

The ILUA allows Horizon Power to access a four-hectare area of land in Beagle Bay for the development of a future energy system that will deliver increased renewable energy for the community.

As part of the future energy system development, we are working collaboratively and constructively with the Nyul Nyul people and the Beagle Bay community. The agreement provides for an ongoing revenue stream associated with the renewable energy production, reflecting Nyul Nyul's participation in the energy system and support for the underpinning land access. We will also provide broader community support as part of the agreement, including funding for airstrip lighting to improve safety for services like the Royal Flying Doctors Service.

Our future energy system journey with the Nyul Nyul people and Beagle Bay community started in 2022 with liaison with the Nyul Nyul Prescribed Body Corporate (PBC) Aboriginal Corporation. This engagement was undertaken to give us an understanding of the community's views on their future energy requirements, to seek in-principle support for a proposed future energy system in Beagle Bay and to explore preferred sites. We also engaged with Kimberley Land Council throughout this process.

Engagement on preferred sites and the provision of land access formed an integral part of the agreement-making. Local knowledge from both Nyul Nyul people and the Beagle Bay Futures Indigenous Corporation was critical to decision making. Valuable information was gained on issues including areas prone to flooding and future community plans impacting site selection. Heritage and environmental surveys followed, with negotiations to formalise an ILUA commencing in August 2023.

These negotiations required the expertise of various internal Horizon Power teams including Integrated Resource Planning, Aboriginal engagement, lands and sustainability; and external stakeholders including Nyul Nyul PBC Aboriginal Corporation, specialist Native Title lawyers, Kimberley Land Council, Department of Planning, Lands and Heritage, Aboriginal Lands Trust, and the National Native Title Tribunal.

Lessons learned

- Preparation and positive relationships are crucial to success.
- Understanding community interests and aspirations helped guide the terms of the agreement.
- Negotiations should consider all available options and solutions.
- Access to specialist resources is required – it's a complex process to navigate for all parties, with multiple agencies and stakeholders involved.

Customer benefits

- Improved access to safe, reliable, clean energy solutions

Community benefits

- Recognition of Traditional Owner rights and interest in country
- Enabling Aboriginal participation in the energy transition
- Cleaner, greener, lower carbon communities

Fast facts

- Nyul Nyul country is in the Dampier Peninsula in the Kimberley region

Green growth

We are accelerating a dedicated program of energy storage, microgrids, electricity network, virtual power plants and standalone power systems to decarbonise our energy supply chain.

Decarbonisation pathways for regional business

For the second year, we have collaborated with independent research firm CoreData to develop a whitepaper that benchmarks energy transition maturity in regional Western Australian businesses with an energy consumption of 50 MWh per annum or higher.

The **Decarbonisation Pathways index report** is informed by responses to an energy transition survey and provides insights into the energy transition goals, commitments and actions being taken by our business customers and highlights opportunities for strategic action and investment to help customers achieve their emissions reduction targets.

2023 Decarbonisation Pathways snapshot

32.9

Index score from 2022 (33.0) to 2023 (32.9) remains unchanged indicating regional businesses remain in the early stages of energy transition.

↑↑

Although overall progress remains unchanged, interest in making progress has increased.

SMB

Energy transition action is related to business size, with large businesses most likely to take strategic action.

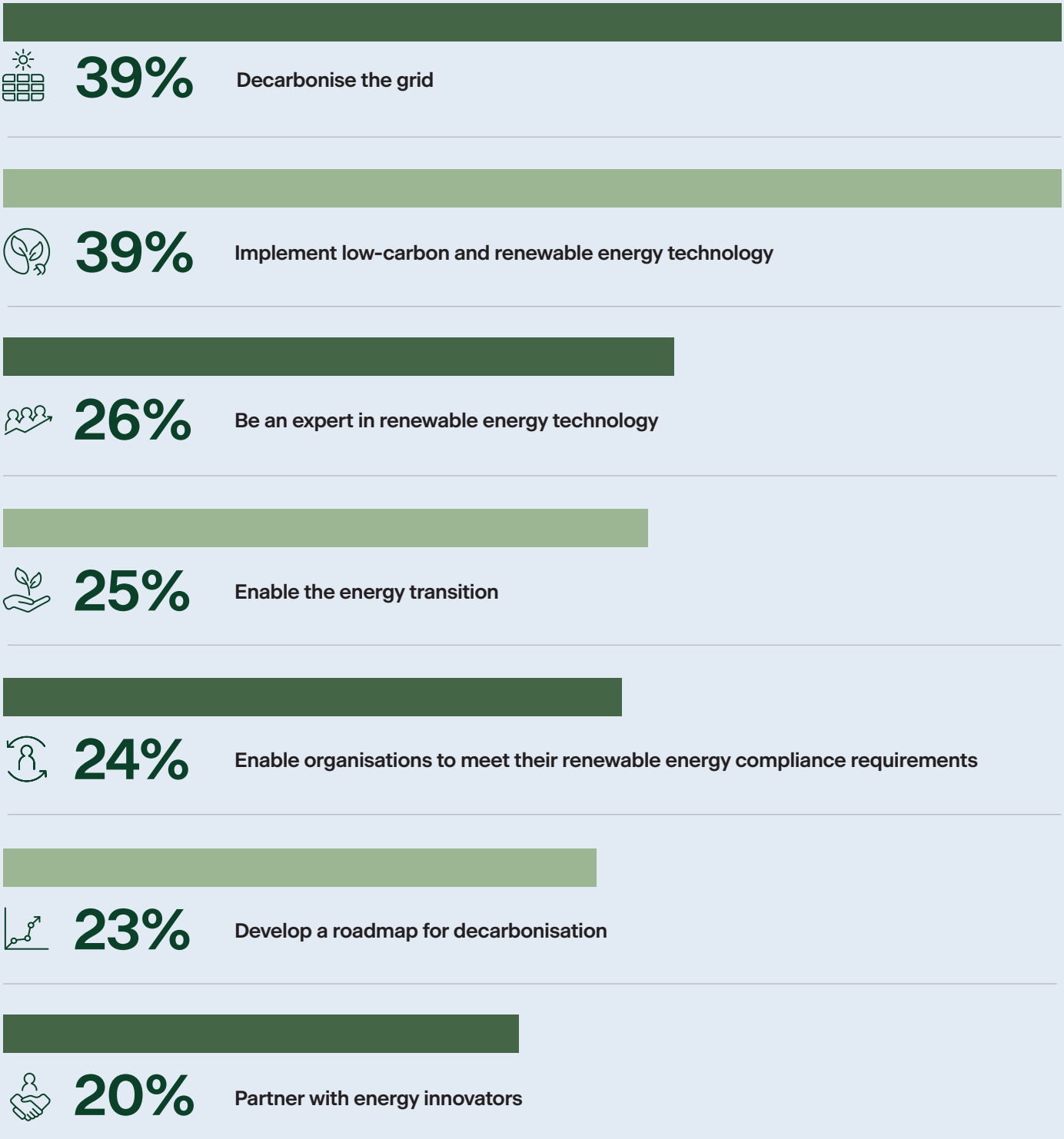
84%

A majority (84 per cent) of large businesses have energy transition targets – by comparison 83 per cent of small businesses have no targets.

13%

Regional businesses reporting on consumption/ emissions has risen by 13 per cent.

Regional businesses expectations of the roles Horizon Power should play in the energy transition



Source: Decarbonisation Pathways Western Australia Regional Business Energy Transition Index 2023.

Pilbara transmission planning

The Pilbara's North West Interconnected System (NWIS) accounts for 55 per cent of Horizon Power's retailed carbon emissions, and the Pilbara region produces 42 per cent of the State's emissions.

Development of new transmission is needed so that more of the State's large industrial producers can access renewable energy to support the region's decarbonisation.

New transmission will contribute to the activation of the Pilbara's Strategic Industrial Areas and future strategic investment, such as critical minerals and hydrogen production.

Modelling undertaken by Energy Policy WA found the Pilbara region may require between 3,400 to 4,000 kilometres of new transmission lines to support a significant increase in renewables for a future Pilbara electricity system.[6]

The WA Government has determined new transmission will be common use infrastructure funded and delivered by the private sector, with support from the Australian Government's Rewiring the Nation fund.

Horizon Power has an important role to play in delivering this infrastructure.

The WA Government has tasked Horizon Power to work on the activation of priority corridors essential for new transmission development.

In addition to facilitating private sector investment, this approach is designed to support Aboriginal participation, deliver benefits for the community and ensure the energy transition is developed in partnership with Traditional Owners.

This work is in support of the WA Government's Pilbara Energy Transition Plan which will support the achievement of a rapid, orderly and equitable transition to green energy in the Pilbara.

Horizon Power currently owns approximately one-third of the electricity transmission assets in Western Australia's Pilbara region, with our network extending along the coast from Dampier to Goldsworthy. We supply electricity to residential, commercial and industrial loads in Port Hedland, Karratha and Roebourne and provide network operation and management services to industrial network owners and users throughout the Pilbara region.

6 Government of Western Australia. (2024). Renewable Energy Transmission. https://www.climateaction.wa.gov.au/initiatives/renewable-energy-transmission

Benefits of new common use transmission infrastructure

- Facilitate decarbonisation
- Job creation
- Competitive renewable energy
- Activation of strategic industrial land
- Reduced cost to supply
- Promotes new industries
- Common use transmission infrastructure
- Supports State's 2050 net zero target

Hydrogen as a baseload power source

The operational handover of the **Denham Hydrogen Demonstration Plant** to Horizon Power is now complete, representing a significant milestone for both the project and our decarbonisation journey.

This groundbreaking initiative integrates green hydrogen energy into the Denham microgrid, which is the first remote renewable hydrogen microgrid in Australia. The plant incorporates a 704 kW solar farm, 348 kW electrolyser, hydrogen compression and 13,000 litre storage, and a 100 kW fuel cell.

The Denham Hydrogen Demonstration Plant is expected to annually produce approximately 13,000 kg of hydrogen, generating 160 MWh of energy from the hydrogen fuel cell and 500 MWh from the solar farm.

The use of hydrogen to capture and store excess renewable energy and then return that energy to the electricity system provides an alternative to the continued consumption of diesel and is an energy storage mechanism that may compete favourably with batteries.

Expertise gained from this project will pave the way for future applications of hydrogen technology in our remote microgrids. This project is made possible with funding from the Australian Renewable Energy Agency (ARENA), and the Renewable Hydrogen Fund as part of the WA Government's Renewable Hydrogen Strategy.

Denham hydrogen demonstration plant - solar farm

Reliable integration of renewable energy assets

Integrating renewable assets seamlessly into our power systems to deliver value for our business and our customers is a priority for Horizon Power, and delivery of these large renewable infrastructure projects has presented many challenges. Beyond designing and building the asset, **integrating new assets with our existing power systems** is a huge logistical exercise. When done correctly, we avoid cost variations, schedule delays, renewable output and operational constraints, and negative impacts on our reliability and reputation.

This financial year, we developed key processes, resources and frameworks so that new wind and solar farms, new battery technologies, and ground-breaking innovations like green hydrogen integrate into our systems quickly, efficiently and without reducing reliability for our customers.

Anyone working on an infrastructure project – whether a member of the project delivery team, a subject matter expert providing advice and support, or an operations or asset manager working on operational or asset handover – can now find all our integration resources consolidated in one place.

Expanding power services and capability

Our annual **asset investment plan** contributes to the regulatory compliance, reliability and capacity of all Horizon Power's systems to support the safety, development and enhancement of communities throughout regional and remote Western Australia.

We are proposing to acquire the existing Dampier Peninsula and Warmun power stations from independent power producers. As part of our Integrated Resource Planning process, we are working with the remote Kimberley towns of Beagle Bay, Djarindjin/Lombadina, Ardyaloon, Bidyadanga and Warmun to design their future renewable energy systems and reduce reliance on diesel.

By establishing an operational presence, it creates flexibility for the future integration of renewables, battery solutions and customer products. In parallel, we are delivering the Kimberley Communities Solar Saver project to Aboriginal communities in the Kimberley region.

We also intend to pursue a 70 to 80 per cent renewable energy solution to replace the existing power purchase agreement in Exmouth in the coming years, support the planning for the development of network infrastructure in the NWIS, and continue the rollout of standalone power systems.

~13,000 kg

hydrogen produced annually

The role of battery energy storage systems

Battery storage plays an increasingly important role in the energy transition as we incorporate more renewables into our power systems, with a prediction that global battery energy storage system capacity is likely to quintuple by 2030.[7]

With 25 lithium-ion battery systems installed supplying a total 31 MW power output and 33 MWh energy storage capacity across Horizon Power's microgrids, our battery systems vary in size and deliver different functions depending on the requirements of the power system, customer and community.

Our experience in lithium-ion battery operation has allowed us to better understand the benefits and limitations of short-duration energy storage technology – an almost equal power output (MW) to energy storage capacity (MWh) ratio of many of our existing battery systems means we are now exploring the next phase of battery performance through three long-duration energy storage trials, to increase the proportion of energy storage capacity (MWh) in future battery projects.

These trials will establish new forms of energy storage and help Horizon Power diversify long-duration battery solutions for extreme climates. This will be essential to achieving higher levels of renewable energy penetration to store excess renewable energy and provide it to customers when demand is very high or renewable output is low.

Long-duration energy storage trials

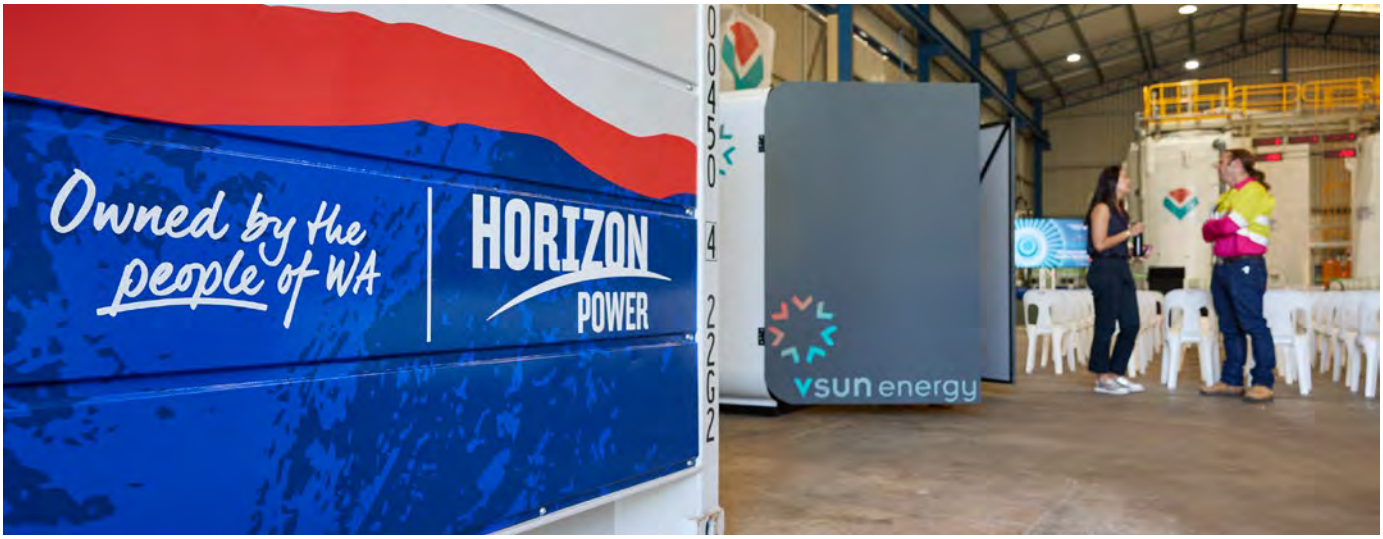
BASF's 250 kW / 1450 kWh sodium sulphur battery in Carnarvon will be the first of its kind in Australia to connect to a regulated network and a Distributed Energy Resource Management System (DERMS) platform.

Redflow's 100 kW / 400 kWh zinc bromine flow battery will be put to the test in summer temperatures reaching more than 40 degrees Celsius in Nullagine in the heart of the Pilbara.

VSUN Energy's 78 kW / 220 kWh vanadium redox flow battery will test the battery's capabilities of providing long periods of 100 per cent renewable energy in Kununurra, with the potential for it to be used across WA.

Funding for the sodium sulphur and zinc bromine flow battery trials has been provided by the Australian Renewable Energy Agency (ARENA) and the WA Government, and we are the first Australian energy utility to purchase a vanadium redox flow battery.

Our battery projects are helping to reach our target of an 80 per cent reduction in retailed emissions by 2030 and zero refusals when connecting to rooftop solar.



7 McKinsey & Company. (2023, August 2). Enabling renewable energy with battery energy storage systems. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/enabling-renewable-energy-with-battery- energy-storage-systems

31 MW

supplied by 25 battery systems

Battery use cases across our systems

Generation support

Supporting traditional energy system reliability and efficiency.

Renewable energy shifting

Collecting energy from solar installations during the daytime for release when needed during peak times.

Solar smoothing

Community batteries which help to smooth power flows caused by fluctuating rooftop solar and support the provision of solar smoothing services to customers.

Hosting capacity release

Increasing the ability for more customers to install rooftop solar panels, to increase daytime demand above thermal generation minimum output and smooth out power flows.

Trial-hydrocarbons off

Used to test 100 per cent renewable energy production in our Distributed Energy Resources (DER) trials.

Reactive power support

Helping to regulate voltage and maintain system reliability.

CASE STUDY 6: STANDALONE POWER SYSTEMS

Pioneering renewable off-grid solutions

Horizon Power was the first electricity utility in Australia to remove parts of its overhead network and replace it with a standalone power system (SPS). We were also the first utility to demonstrate the technical viability of SPS as a safe and reliable energy solution for end-of-grid customers.

We began deploying this renewable off-grid power source in Esperance following devastating bushfires in the region in 2015, which destroyed more than 300 power poles and hundreds of kilometres of power lines.

SPS comprise solar panels, a PV inverter, battery storage and back-up diesel generation. System size typically ranges between 5-25 kW output with battery systems between 10-50 kWh to support the energy requirements for each individual customer. Each SPS can be remotely monitored and controlled, with on-site maintenance conducted by local crews.

SPS units allow for the removal of overhead powerlines, resulting in a safer and more resilient power supply for end-of-grid customers.

Existing installed systems are providing approximately 80 per cent renewable energy, and 100 per cent renewable systems are being explored.

We also powered Australia's first remote mobile communications tower with an SPS unit in Esperance. This enables the telecommunications tower to continue operating during natural disasters and emergencies, which may impact a traditional network of poles and wires, keeping the local community connected and informed at crucial times.

To support the wider rollout of SPS, the WA Government has provided $45.8 million to Horizon Power to deliver 150 systems in regional WA. This is in addition to our 70 previously installed systems and will be delivered in three tranches in the Gascoyne/Mid West and Esperance/Goldfields regions in support of the WA Government's goal of net zero emissions by 2050.

The deployment of SPS has also benefited the local manufacturing industry, with some systems being assembled in Perth under a joint-venture partnership between Horizon Power and Ampcontrol Limited, known as Boundary Power. Boundary Power design, locally manufacture and supply a commercial line of SPS products and services.

Our SPS rollout has also resulted in multiple commercial farms going safely off-grid, with farmers no longer having to navigate large machinery around poles and wires on their properties.

Locations	SPS units	Overhead powerlines removed	Renewables(%)
Esperance, Exmouth, Hopetoun, Carnarvon	79	184km	~80%

Lessons learned

- → **System tuning required to optimise renewable penetration and minimise diesel run hours.**
- → **Significant behind-the-meter works required (due to change to point of supply) to comply with AS/NZ3000 electrical wiring rules.**
- → **Customer loads are increasing due to increased electrification.**

Customer benefits

- → **Improved power reliability**
- → **Safer and more productive farming due to powerline removal**

Community benefits

- → **Cleaner, greener, lower carbon communities**
- → **Local clean energy manufacturing opportunities**
- → **Improved telecommunications during natural disasters and emergencies**

CASE STUDY 7: MID WEST SOLAR PROGRAM

Delivering centralised solar and battery energy storage systems

Our Mid West Solar Program is delivering centralised solar farms and battery energy storage systems (BESS) in five towns across the Gascoyne/Mid West region, and Norseman in the Esperance/ Goldfields region.

Systems in Wiluna, Yalgoo, Sandstone, Cue and Meekatharra are already operational, with the system in Norseman due to be fully operational from mid-2024.

Towns in remote parts of Western Australia are heavily reliant on diesel for energy generation, which has high operational costs and associated carbon emissions.

Solar and battery installations can provide a cost-effective alternative energy solution in remote locations by increasing renewable energy penetration and reducing reliance on diesel.

Excess electricity generated by solar panels during the day can be stored in batteries for use during the night, or on cloudy days, to provide a consistent power supply, even when the sun isn't shining.

The project is expected to reduce 2,100 tonnes of carbon emissions annually and save an estimated $900,000 per annum in business costs. Local economic activity was also boosted throughout the construction, commissioning and maintenance processes.

Where feasible, our solar array installations used PEG substructure technology – a high-density, lightweight ground-mounted design with rapid installation and reduced capital expenditure benefits. The PEG framing technology utilises less steel and concrete than a traditional solar farm, which helps to reduce the carbon footprint of the construction.

This project was supported by funding from the Commonwealth and WA Governments.

Towns	Population	Solar (Kw)	BESS (kVA / kWh)
Wiluna	236	257	N/A (Existing BESS is 291 kVA)
Yalgoo	281	211	194 / 759
Sandstone	87	162	194 / 759
Meekatharra	711	486	388 / 2088
Cue	183	257	291 / 335
Norseman	581	758	582 / 335

Lessons learned

- **Extended lead times for battery acquisitions.**
- **Logistical challenges due to remoteness of sites.**
- **Challenges in transitioning our microgrids to renewable generation.**

Customer benefits

- **Greater power efficiency and improved reliability**

Community benefits

- **Cleaner, greener, lower carbon communities**
- **Increased opportunity for work in regional locations**

CASE STUDY 8: REMOTE COMMUNITIES

Improving power services in WA's remote communities

On 1 July 2023, we assumed responsibility for the delivery of power to 117 remote communities formerly under the Department of Communities. Horizon Power now oversees all aspects of power generation, network operations and retail service delivery to these communities.

Our first year of operations has been a period of significant learning and growth. We've spent time building strong strategic partnerships with regional service providers, developed an understanding of specific community needs and identified future asset priorities.

This information has been instrumental in shaping our Remote Communities blueprint. This comprehensive program of work will allow us to support the WA Government's targets under outcome 9B of the National Agreement on Closing the Gap, enable Aboriginal participation in the green energy transition, and refine Horizon Power's way of delivering remote community services. This culminated in a workplan with 55 identified key activities across eight workstreams at program launch.

Community engagement

We have made a genuine commitment to intentional, two-way, on-ground engagement.

In-person visits to more than 50 communities have already been completed by our Remote Communities engagement team, which is 100 per cent staffed by Aboriginal employees with expert local knowledge.

Introductory meetings have allowed us to establish important relationships, discuss future asset and customer service options, and understand the objectives, challenges and opportunities facing each community.

Safe and reliable power provision

As a priority, we have undertaken safety, inspectorate and asset remediation work. This includes the delivery of key capital works such as upgrading or replacing overhead transformers, fuel storage tanks, feeders, waste oil tanks, and engines. We also immediately actioned the replacement of PVC cable and 'twisties' (a method of twisting cable at the point of connection) to improve safety of electrical wiring, reducing the risk of electric shock incidents.

A key focus was keeping a stable power supply to remote communities despite a sustained wet season (refer page 32 for more information on our summer readiness planning and actions).

Looking ahead

We are working with remote communities to seek their participation in planning for future energy solutions and are developing our priority asset program. This includes rebuilding the Blackstone power station with a high penetration, hybrid renewable energy solution.

We will also commence an advanced metering infrastructure (AMI) program which will provide access to a range of consumer protections afforded under the *Code of Conduct for the Supply of Electricity to Small Use Customers* that these communities do not currently have access to, including life support, family and domestic violence and concession/hardship programs. AMI is an integrated, fixed-network system that enables two-way communication between utilities and customers. This infrastructure is critical to being able to offer the same customer protections afforded to other customers throughout WA.

Lessons learned

- We have very limited customer data; an end-to-end metering solution is a key focus.
- Building relationships with residents is essential and takes time and effort – different approaches are required for individual communities.
- Review of safety measures regarding lone work when travelling to remote locations.

Customer benefits

- Improved access to safe, reliable, clean energy solutions

Community benefits

- Enabling Aboriginal participation in the energy transition
- Future local employment opportunities
- Cleaner, greener, lower carbon communities

Blackstone community

78
remote communities in the Kimberley

25
remote communities in the Gascoyne/Mid West and Pilbara

14
remote communities in the Esperance/Goldfields

Environment

In the past year, we have continued to align our energy solutions with the principles of sustainability, reliability and resilience, with the actions we take today fostering a sustainable tomorrow.

We are committed to the stewardship of the unique and diverse ecosystems in the regions we service and are dedicated to preserving social, cultural and ecological integrity in every aspect of our work. Our engagement with Aboriginal and local communities is fundamental to this philosophy. We respect the Aboriginal peoples' deep connections with the land as we strive for our strategies to align with and support their aspirations for a liveable and vibrant future.

We believe in the intrinsic value of the natural environment, which is why our operations are carefully planned to prioritise impact avoidance where possible, minimise impact where it is unavoidable, and maximise protection. As we look to the future, we remain dedicated to the principles of ecological integrity and sustainable development.

Our approach to climate-related reporting

Horizon Power is actively engaged as a member of the Pilot Program for Climate Risk Reporting, led by the Department of Treasury and the Department of Water and Environmental Regulation as part of the development of the Climate Risk Framework (CRF).

The aim of the CRF (yet to be implemented) is to outline the WA public sector approach, establish priority guidelines and requirements to perform climate risk assessments, and manage agency priority climate risks and climate-risk related reporting. It is intended to establish a consistent and streamlined approach for managing and reporting climate risks within the public sector. Once completed, it will enable whole-of-government monitoring and climate disclosures and provide the ability to consider the varying materiality of risk exposure of government agencies.

Horizon Power, along with a select group of State Government entities via participation in the pilot program, are assisting in the production of appropriate climate risk tools and guidance material for use by public sector entities.

Our retailed emissions baseline

Horizon Power's retailed emissions baseline includes reported Scope 1 and 2 emissions and non-reported Scope 3 emissions associated with our independent power producers (IPPs) generation contracts (see Table 4).

The reported emissions component of the retailed emissions figure includes Horizon Power's greenhouse gas (GHG) emissions reported annually to the Clean Energy Regulator in accordance with requirements of the National Greenhouse and Energy Reporting (NGER) Scheme. Our non-reported GHG emissions included in the retailed emissions figure are those which relate to the purchase of wholesale electricity supplied by IPPs for re-sale by Horizon Power to our customers.

The emissions attributed to IPP power generation are categorised as upstream Scope 3 (indirect). The non-reported Scope 3 emissions have been calculated in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

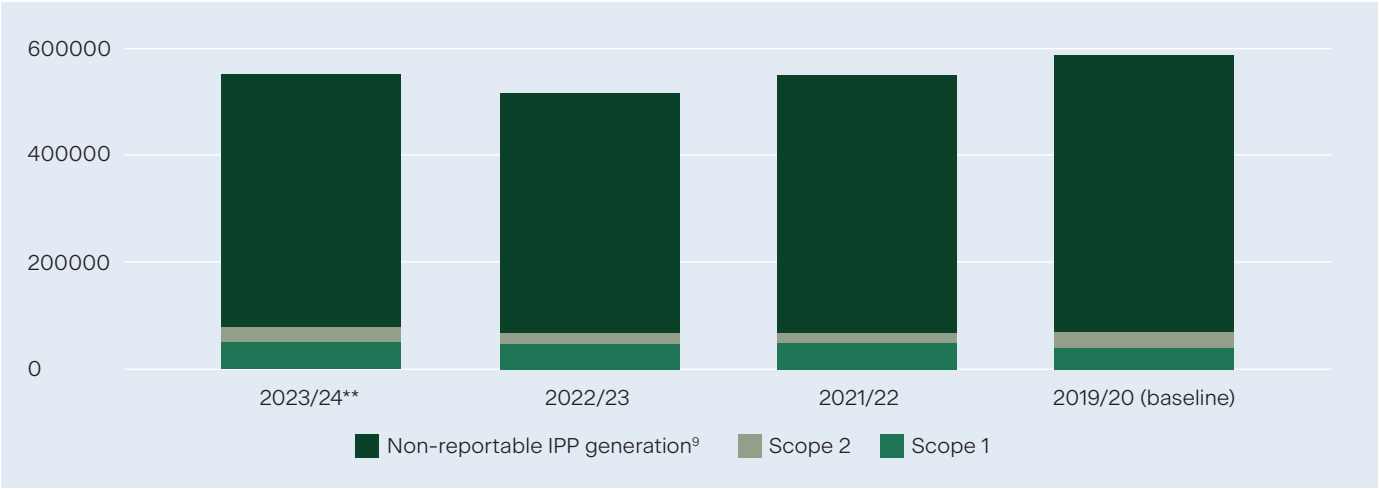
This financial year was our first reporting period with operational control of 117 additional remote communities' sites. To allow for accurate comparison to the existing baseline, we have excluded these remote communities from the emissions figures presented in Table 4.

In future years, our retailed emissions baseline will be adjusted using the full and complete FY 2023/24 remote communities' dataset and the emissions associated with remote communities' activities will be included in our emissions figures to better reflect our new operational footprint.

Retailed CO_2-e emissions attributed to Horizon Power increased by seven per cent in in FY 2023/24. This was driven by an increase in the electricity demand across our networks and a resulting increase in fossil fuel consumption at our generation facilities during the reporting period.

An estimate is made for our reported Scope 1 and Scope 2 emissions based on available information as at 16 August 2024. The Clean Energy Regulator will make our FY 2023/24 CO_2-e emissions publicly available in February 2025.

Figure 4: Reportable and non-reportable GHG emissions (tCO_2-e)



**Based on available data as at 16 August 2024.

Table 4: Retailed GHG emissions (tCO_2-e)

	Reportable emissions[8]			Non-reportable	Retailed
FY	Scope 1	Scope 2	Total reported	IPP generation[9]	Total
2023/24**	51,379	27,663	79,042	473,155	552,197
2022/23	47,879	21,056	68,935	448,201	517,136
2021/22	49,787	24,053	73,840	475,716	549,556
2019/20 (baseline)	45,093	22,731	67,824	518,348	586,172[10]

**Based on available data as at 16 August 2024.

8 Reportable emissions include Scope 1 and Scope 2 reported annually in accordance with the requirements of the National Greenhouse and Energy (NGER) Scheme.

9 Non-reportable emissions estimated are limited to upstream indirect Scope 3 emissions attributed to the purchase and resale of IPP generated electricity only.

10 Where structural changes (e.g. acquisitions, divestments, or mergers) occur that significantly impact the baseline GHG emissions, the baseline figure will be recalculated to account for those changes.

GHG and carbon intensity

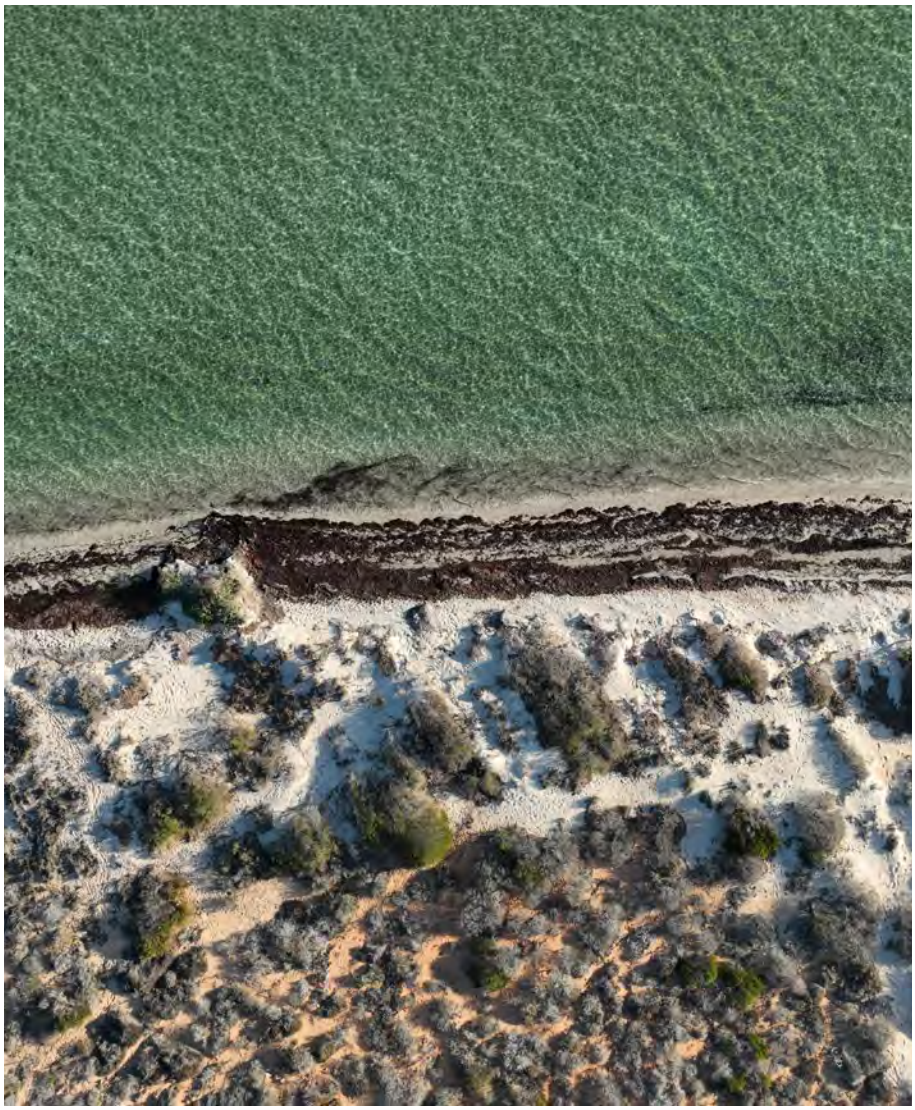
The carbon intensity of our retailed energy, measured as kilograms of CO_2-e per kWh of electricity sent out to our networks, is a key measure of the greenhouse gas emissions performance relevant to electricity production. Reducing the carbon intensity of our networks demonstrates improved greenhouse gas emission efficiency, which is why it's an important indicator of how we are managing and mitigating our business's impacts on the environment.

During the reporting period carbon intensity remained consistent with our FY23 performance and is estimated as 0.55 $kgCO_2$-e/kWh sent out, as shown in Table 5.

Table 5: Carbon intensity of sent out electricity ($kgCO_2$-e/kWh)

Financial year	Carbon intensity (kgCO2-e/kWh sent out)
2023/24**	0.55
2022/23	0.55
2021/22	0.54
2019/20 (baseline)	0.54

**Based on available data as at 16 August 2024.



Understanding our contribution to the UNSDG's

As our foundation for understanding and actioning sustainability in our business, and in recognition of the importance of contributing to the WA Government's pursuit of the objectives of the United Nations Sustainability Development Goals (SDG), we intend to track and report on our contributions to key SDGs.

The SDG provides a universal framework that companies can use to build strategies to address the world's most challenging sustainability issues. The electricity sector has a fundamental role to play in realising SDGs as the sector will shape the future of sustainable energy, which is essential for economic growth, social equity, and efforts to combat climate change.

During the financial year, we conducted preliminary internal materiality baselining of our impacts, with the intention of using the baseline as the foundation for the development of our environmental, social, governance (ESG) framework as part of our wider sustainability strategy. The baselining exercise was a continuation of previous work, with the aim to develop a high-level internal summary view of material ESG issues.

The identified material issues have been linked to the applicable SDG to assist Horizon Power in understanding our contributions and aligning our sustainability efforts. This will allow us to support the WA Government's commitment to achieving sustainable development on national and international scales.

Governance

- Completed a review of the environmental management system, including assessment against the ISO14001 standard and identifying areas of improvement for the next financial year as part of the cycle of continuous improvement.
- Undertook a review of environmental audit templates and audit frequency, including addition of environmental risks into the monthly health and safety audits.
- Reviewed our obligations under the *Environmental Protection (Controlled Waste) Regulations 2004* including licensing obligations.
- Developed guidance documents and procedures to better manage emerging environmental risks.

Regulatory instruments

Horizon Power has an operating licence for the Karratha temporary generation project, currently on care and maintenance. Our licence requires reporting on an annual basis, and this was undertaken in October 2023.

Mungullah Power Station remains a registered premises with no associated reporting requirements.

Horizon Power held 22 active native vegetation clearing permits (NVCPs) issued by the Department of Water and Environmental Regulation, with a further four under assessment by the regulator. Four NVCPs were utilised in the reporting period, resulting in a total clearing of 7.57 ha under the relevant permits.

Removing or disturbing threatened flora species in WA requires approval from the Minister for Environment. Horizon Power takes a conservative approach when ground-disturbing work is planned to occur within 50 metres of declared rare flora species and applies for an 'authorisation to take' permit in the unlikely event that inadvertent impact from vehicles or machinery occurs. This year, we held and complied with three 'authorisation to take' permits in Esperance and Kununurra.

Horizon Power has not undertaken any works in this financial year that require notification to the Ministers for Energy or Planning, pursuant to section 60 of the *Electricity Corporations Act 2005.*

Air emissions

We reported annual air emissions for the FY 2023/24 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.

An estimate of combined air emission data from all our reporting facilities is provided in Table 6.

The increase in air emissions totals for sulphur dioxide (SO_2), nitrogen oxides (NOx), PM10 and PM2.5 can be attributed to increased fossil fuel consumption at our generation facilities.

Final data supplied to the NPI may differ slightly from the estimated emissions and includes additional statutory reporting parameters not included in Table 6.

Environmental noise

No noise complaints were received during the year.

Management of contaminated sites

The management and remediation of historical contamination arising from operational activities at power station sites has been a key focus area for several years. This year, we successfully reclassified two sites, with a further three sites expected to be reclassified in the upcoming financial year.

Environmental incidents

There were no reportable environmental incidents during the reporting year. We continue to handle near-miss incidents as learning opportunities, including communication of the near-miss across the business and additional training as required. Near-miss situations also inform our depot inspection process so that risks are managed before they become incidents.

Table 6: Summary of air emissions[11]

Air Emissions	2023/24** Total (t)	2022/23 Total (t)	2021/22 Total (t)	2019/20 Total (t)
Sulphur Dioxide	0.3	0.3	0.3	0.2
Oxides of Nitrogen	625	568	615	451
PM10	23	20	24	16
PM2.5	23	20	23	15

**Based on available data as at 16 August 2024.

11 Reported in accordance with the requirements of the National Environment Protection (National Pollutant Inventory) Measures (NPI NEPM) implemented through the Environmental Protection (NEPM-NPI) Regulations 1998 under the Environmental Protection Act 1986.

Jirndal renewable power infrastructure

Renewable power infrastructure will be constructed in Exmouth, with an 80 per cent renewable energy target (including customer solar) and comprising a combination of solar generation and battery storage supported by thermal generation.

The Exmouth electricity network is a non-interconnected system. The proposed renewable infrastructure and existing power station would be the primary electricity supply source for residential and business customers in the town and surrounding area.

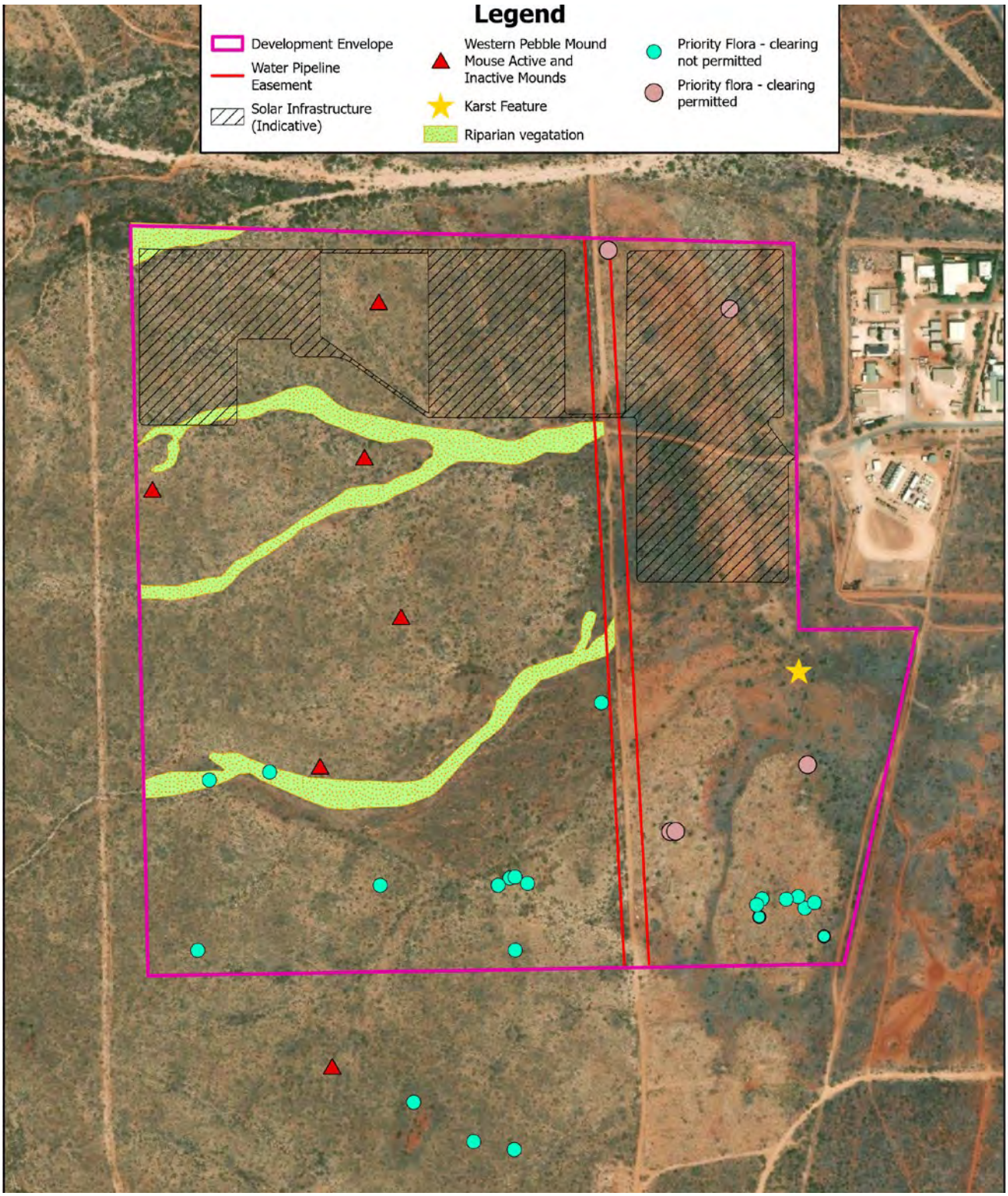
Multiple sites were considered for the Exmouth renewable power infrastructure. Site identification was exceedingly difficult for this project due to land access constraints and the highly diverse environmental and cultural values of the region. The site selected for the renewable power infrastructure is located close to the existing power station to prevent additional clearing for transmission infrastructure, with parts of the site previously disturbed by past land uses.

Significant environmental and heritage constraints were located on the selected site, including priority flora, Aboriginal cultural heritage sites and Western pebble-mound mouse mounds.

Western pebble-mound mouse (Pseudomys chapmani).

Tinospora esiangkara (Priority 2).

Corchorus congener (Priority 3).



The site presented significant design challenges to avoid impacts to these constraints. Horizon Power has successfully fit the required renewable energy infrastructure on the site while applying avoidance buffers to the significant environmental values.

Social

Disability Access and Inclusion Plan

We continue to implement actions to achieve the outcomes of our Disability Access and Inclusion Plan (DAIP) 2019-2024, aiming to facilitate equitable access to information, services, public facilities and employment. Our progress this year includes:

Digital and communications

Working with our accessibility partner GrackleDocs (formerly known as WebKeyIT), our public website is being optimised to meet World Wide Web Consortium (W3C) (WCAG) accessibility requirements. This includes the delivery of accessibility training to our digital team so that culturally and linguistic diverse (CALD) audiences are considered in the design principles.

Facilities

Sit-to-stand desks have been fitted out in our Broome, Kununurra, Karratha, Port Hedland and Carnarvon depots, and an audio loop system has been installed in our main meeting room.

We continue to scope and design work to factor in inclusiveness and disability access compliance as part of the document design process.

Developing a diverse and inclusive workplace

Horizon Power is committed to ensuring a diverse and inclusive workplace. We value the unique perspectives, backgrounds, and talents of our employees, customers, and stakeholders. By fostering an environment that embraces diversity, we enhance decision-making and reflect the communities we serve.

Table 7: Female representation

Female representation	Number	%
Board	4/6	66%
Executive	5/10	50%
Senior Management	12/46	26%
Total	212/611	35%

Table 8: Regional employees by location

Depot/office	Number of regional employees
Broome (community)	2
Broome (Nila Janyba)	5
Broome Depot	26
Carnarvon Depot	24
Denham	1
Esperance Depot	43
Karratha Depot	31
Kununurra Depot	23
Marble Bar	1
Mungullah Power Station	15
Onslow Depot	2
Port Hedland Depot	27
Total	**200**

611
Employees 595.3 full-time equivalent

35%
Female

6.9%
Aboriginal

26%
from culturally and linguistically diverse backgrounds

2.1%
with a disability

2%
Youth (under 25 years)

33%
based regionally

Measuring our social impact

Our Social Impact Report enables time-based measurement of the progress of our social impact goals across six key areas which are directly linked to our purpose statement of 'delivering clean energy solutions for regional growth and vibrant communities'.

Table 9: Social impact reporting in FY 2023/24

Regional growth	Regional employment: Since the 2019/20 financial year, Horizon Power has employed 44 additional people in the regions, of which 11 employees identify as Aboriginal.
	Regional economic activity: With the exclusion of electricity purchased from IPPs, regional spending has increased 23 per cent.
Vibrant communities	Lower carbon: As a result of additional hosting capacity, there has been a steady 12 per cent increase in total approved rooftop solar.
	Affordable and sustainable: Purchases of renewable energy from customers increased by 5 per cent to 24.1 GWh. Total A2 customer average bills also increased by 10 per cent, which could be a result of extreme summer temperatures.
	Thriving business: The total number of L2 and L4 business customer accounts increased by 2 per cent to 5,898 unique accounts.
	Community health and wellbeing: Employee volunteering was up 16 per cent more than in the prior 12-month period.

12 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.

13 The actual spend is based on the amount receipted against each contract.

Creating opportunities for WA-based Aboriginal businesses

We continue to strive to reach our target of delivering four per cent of contracts valued at $50,000 or above to Aboriginal businesses in alignment with the *WA Government's Aboriginal Procurement Policy.*

As part of our responsibility for power supply in remote communities, we have partnered with three Aboriginal-owned regional service providers that deliver on-the-ground power and water services: Kimberley Regional Service Provider for Kimberley communities; Meta Maya Services for the Gascoyne, Mid West and Pilbara communities, and NG Services for Goldfields Esperance communities.

Table 10: Contracts >$50,000 to registered Aboriginal businesses by region FY2023/24

Region	Value of purchase orders ($)	Value of contracts ($)	Total[12]	%
Kimberley	$324,233	$21,296,229	$21,620,462	6%
Esperance/Goldfields		$4,000,000	$4,000,000	34%
Gascoyne/Mid West				
Perth Metro		$16,150,000	$16,150,000	25%
Pilbara		$21,252,968	$21,252,968	34%
South West	$323,553		$323,553	1%
Total	$647,785	$62,699,197	$63,346,982	100%

7.92%

Contracts >$50,000 to Aboriginal businesses FY2023/24

140

No. of Aboriginal suppliers in our supply chain

$31,960,687

Actual spend on contracts >$50,000 to Aboriginal businesses FY2023/24[13]

Corporate volunteering program

We're proud to give back to the community through our corporate volunteering program for Horizon Power employees. Paid corporate volunteering days are one of the many benefits available through our Employee Value Proposition.

Over the past financial year, more than 140 employees have contributed about 1,500 hours to support 20 Western Australian organisations, with an estimated $75,000 in value invested back into WA communities.

Modern slavery framework

We engaged an external subject matter expert to review our modern slavery approach and develop a new framework to guide how we assess and manage modern slavery risks. Our new Human Rights Policy and updated Supplier Code of Conduct outlines our commitments and expectations in relation to human rights.

As part of the due diligence process, a new third-party due diligence platform (Ethixbase360) was implemented. This has resulted in increased response rates from suppliers, enhanced data analytics, deeper due diligence on identified suppliers, and automated and streamlined processes. Modern slavery awareness training was delivered to staff in 2024 to support the adoption of our new framework.

Each financial year, our Community Partnerships Program provides $1.1 million to support a range of regional community initiatives and events across our service areas.

Community Partnerships Program

In October 2023, Round 7 grants awarded $542,576 to 66 community organisations and events across regional and remote WA, including a $150,000 Shooting Stars partnership renewed until 2026.

In May 2024, Round 8 grants awarded more than $468,888 across 57 regional and remote community initiatives.

This targeted investment represents our commitment to supporting thriving regional and remote communities.

In the 2023/2024 financial year, our Community Partnerships Program recipients include:

Our Business' Aboriginal Art Centre Forum 2023 – Aboriginal Art Centre Hub of Western Australia (AACHWA)

Providing training and networking opportunities to nurture and develop the professional growth of individuals working in regional and remote art centres across the Kimberley, this forum aimed to strengthen participants business development skills.

Laverton Cycling Project – Cycling Development Foundation

Cementing our partnership with Cycling Development Foundation, we commenced a three-year agreement to support the youth exercise and mentoring program in Laverton and two of our remote communities, Cosmo Newbury and Mulga Queen.

NAIDOC Community Celebration – Shire of Cue

Funding has supported the purchase of arcade machines for the Shire of Cue Youth Centre and supplies and entertainment for NAIDOC week celebrations.

Connecting with our mob - Bunuba Dawangarri Aboriginal Corporation

The purchase and installation of an electronic communications system means the corporation can now live broadcast meetings to all its members. Members can also electronically connect with people and organisations outside the Fitzroy Valley.

Gymnastic equipment replacement – Karratha Gymnastics

More than 400 children will benefit from upgraded gymnastics equipment which will support their skills, and health and wellbeing outcomes.

Edge of the Bay 2023 – Shire of Esperance

Celebrating skateboarding and music, Edge of the Bay is popular festival on the local calendar, attracting about 5,000 attendees and delivering economic and cultural outcomes for the town and wider community.


FAIRGAME

Director's 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 seek to use 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, 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 in realising the benefits that accrue from a conscious, structured and dynamic approach to managing risk. This means our people can perform their activities in a responsible, thoughtful, knowledgeable and consistently professional manner, contributing to our overall success.

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

Our corporate risk profile includes risks identified annually by various teams and divisions within the business, before it is reviewed by the Executive and then reported to the Audit and Risk Management Committee.

In accordance with the *Government Trading Enterprises Act 2023* (WA), we must be governed by a Board of between five and nine directors to be appointed by the WA Governor on the nomination of the Minister for Energy, as per the provisions of the *Electricity Corporations Act 2005* (WA).

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 team.

During the year, our Board comprised the following people:

Ms Samantha Tough
Chairperson

Mr Mark Puzey
Deputy Chairperson

Ms Ivy Chen
Director

Ms Sandra Di Bartolomeo
Director

Ms Kirsty Laurie
Director

Ms Gail Reynolds-Adamson
Director (term concluded 31 December 2023)

Mr Rohan Williams
Director

Our board

Ms Samantha Tough
Chairperson

Appointed 26 November 2019

Current term expires
26 November 2025

Samantha has a distinguished executive and non-executive career with experience in energy, resources and engineering. She is the Pro Vice Chancellor of Industry and Commercial at the University of Western Australia (UWA) and has a current board portfolio that includes Aurizon Ltd, Clean Energy Finance Corporation and Rumin8 Pty Ltd.

Samantha has experience in 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 moving to the commercial sector. She is a Fellow of the Australian Institute of Company Directors.

Mr Mark Puzey FAICD, FCA
Deputy Chairperson

Appointed 21 December 2021

Current term expires
20 December 2024

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 utilities sector (WA), and the IT governance Asia Pacific leader.

Mark is Horizon Power's Audit and Risk Management Committee Chair. He is also currently Audit and Risk Committee Chair and non- executive Director of both DUG Technology Limited (ASX: DUG) and Sircel Limited. Upon retiring from KPMG, his roles have included strategy, commercialisation, innovation and business growth 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 holds a Bachelor of Commerce and is a Fellow of Chartered Accountants ANZ (FCA) and the Australian Institute of Company Directors (FAICD). He is certified in the Governance of Enterprise IT (CGEIT).

Ms Ivy Chen
Director

Appointed 23 August 2020

Current term expires
26 November 2025

Ivy is a corporate governance specialist who leads mining geology and resource estimations teams in China and Australia. She currently works for Mineral Resources Limited, and her previous positions include consulting roles in the mining industry and serving as a national advisor for geology and mining for the Australian Securities and Investment Commission (ASIC).

Ivy was 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), a member of the Mining and Petroleum Advisory Committee (MAPAC), and the WA Government's Investment Attraction Fund Governance Board. Ivy is also a Director of Multicultural Futures, and a Director of Take It Seriously.

Ivy holds a Bachelor of Applied Science and a Post Graduate Diploma in Natural Resources.

Ms Sandra Di Bartolomeo
Director

Appointed 20 November 2018

Current term expires
9 August 2025

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 MinterEllison, leading the Finance Division in Perth.

Sandra has held various senior leadership positions with National Australia Bank Limited, including leading the corporate and institutional bank legal team in WA and Queensland. Sandra is also currently a non-executive Director of Interchange Incorporated.

Sandra previously held positions on the Art Gallery of Western Australia Foundation Council, Italian Chamber of Commerce and Industry Committee, the Liquor Commission of Western Australia 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

Current term expires
20 November 2024

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 11 years and now heading up the directorate responsible for budget advice on utilities, ports and climate change.

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.

Ms Gail Reynolds-Adamson AM
Director

Appointed 20 November 2018

Term concluded
31 December 2023

Gail has held various roles in Aboriginal relations and is experienced in advocating for regional and Aboriginal communities.

She is on several boards including the Kings Trust Australia and is currently Chairperson of the Esperance Tjaltjraak Native Title Aboriginal Corporation and the South East Aboriginal Health Service.

She is a Director of the Indigenous Land and Sea Corporation (ILSC), serving on both the Audit and Risk Committee and Remuneration and Nomination Committee, and a member of South West Marine Parks Australia Committee (SWMPAC) and the Indigenous Landcare Advisory Committee.

Mr Rohan Williams
Director

Appointed 8 March 2023

Current term expires
7 March 2026

Rohan has 20+ years of experience leading mining and resource companies, after starting his career as a geologist. Previous roles include CEO and Managing Director of Avoca Resources Ltd, Chief Strategic Officer and Executive Director of Alacer Gold Corporation, and Executive Chairman and CEO of Dacian Gold Ltd. He also served on the Board of the Telethon Kids Institute for nine years.

Rohan is currently Director of Neap Consulting, assisting resource companies and not-for-profit organisations with all facets of company management including administrative, corporate and operational leadership as well as strategic activities and objectives.

Rohan holds a Bachelor of Science with first class honours from La Trobe University.

Attendance at Board meetings

The Board met for six scheduled meetings throughout the year and considered six circular resolutions, the latter of which are recognised as duly constituted Board meetings.

Table 11: Board of Directors' scheduled meeting attendance FY 2023/24

Director	Number of meetings attended	Number of meetings eligible to attend during the time the Director held office during the year
Samantha Tough	6	6
Mark Puzey	6	6
Ivy Chen	6	6
Sandra Di Bartolomeo	6	6
Kirsty Laurie	6	6
Gail Reynolds- Adamson (term concluded 31 December 2023)	3	4
Rohan Williams	5	6

Table 12: Board of Directors' terms of appointment

Director	Appointed	Expires
Samantha Tough Second term	26 November 2019 27 November 2022	26 November 2022 26 November 2025
Mark Puzey	21 December 2021	20 December 2024
Ivy Chen Second term	23 August 2020 27 November 2022	26 November 2022 26 November 2025
Sandra Di Bartolomeo Second term Third term	20 November 2018 10 August 2021 10 August 2023	9 August 2021 9 August 2023 9 August 2025
Kirsty Laurie	21 November 2021	20 November 2024
Gail Reynolds-Adamson Second term Third term	20 November 2018 10 August 2021 10 August 2023	9 August 2021 9 August 2023 31 December 2023
Rohan Williams	8 March 2023	7 March 2026

Audit and Risk Management Committee

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

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 internal controls and the 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 internal and external auditors regarding the quality of financial reports.

External auditors

In accordance with the Act, the financial report is audited by the Auditor General for Western Australia. There was no indemnity given or insurance premium paid for the Office of the Auditor General for Western Australia for the year ended 30 June 2024. Refer page 133 for total auditor remuneration.

Composition of the ARMC

The ARMC comprises:

Mr Mark Puzey
Chairperson

Ms Ivy Chen
Director

Ms Kirsty Laurie
Director

Table 13: ARMC meetings and attendance FY 2023/24

Director	Number of meetings attended	Number of meetings eligible to attend during the time the Director held office during the year
Mark Puzey	4	4
Ivy Chen	4	4
Kirsty Laurie	4	4

Sustainability and People Committee

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

The SPC's role is to consider and make recommendations to the Board on matters relating to corporate governance, the environment, safety and people, and to assist the Board with its oversight of Horizon Power's strategy, policies, practices and controls in relation to these areas.

The SPC 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, succession, independence and diversity, to enable the Board to discharge its responsibilities effectively regarding 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 and 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 wellbeing including matters relating to:
  - Occupational health and safety performance, policies and systems
  - Health and wellbeing policies, practices and programs
- Environment and sustainability
- Corporate social responsibility and customer commitment
- Aboriginal and Torres Strait Islander commitment
- Corporate governance.

Composition of the SPC

The SPC comprises:

Ms Sandra Di Bartolomeo
Co-Chairperson

Ms Gail Reynolds-Adamson
Director (membership concluded 31 December 2023)

Mr Rohan Williams
Co-Chairperson

Ms Ivy Chen
Director (membership commenced 16 February 2024)

Table 14: SPC meetings and attendance FY 2023/24

Director	Number of meetings attended	Number of meetings eligible to attend during the time the Director held office during the year
Sandra Di Bartolomeo	1	1
Ivy Chen (membership commenced 16 February 2024)	0	1
Gail Reynolds-Adamson (term concluded 31 December 2023)	0	0
Rohan Williams	1	1

Governance and corporate compliance disclosures

In compliance with the accountability provisions of the *Government Trading Enterprises Act 2023* (WA) (the GTE Act), we provided the Minister for Energy with an Interim Report for the period July to December 2023 and this Annual Report for the entire financial year.

The Interim Report included an overview of achievement against operational and financial key performance indicators. This Annual Report is provided to the Minister for Energy within the time specified by the GTE Act and includes consolidated financial statements and other statutory information required under the GTE Act.

In addition to interim and annual reports, the *Government Trading Enterprises Act 2023* (WA) and the *Electricity Corporations Act 2005* (WA) requires the Minister for Energy be provided with:

- A statement of expectations
- Annual performance statement
- A separate report on employee compliance with any issued codes of conduct
- Any specific information in our possession requested by the minister for energy.

Changes in written law

Since 1 July 2021, Horizon Power's NWIS network assets in the Pilbara have been open to access by third parties ('coverage regime') under the Pilbara Networks Access Code (PNAC). This enables other parties to compete with Horizon Power's retail business to provide electricity services to new and existing customers whose annual consumption exceeds 1,200 MWh. Additionally, it facilitates access to the network by new developments in the Pilbara.

Horizon Power's Pilbara network business established policies and procedures, including a published price list, for the first three-year pricing period (July 2021 – June 2024) to enable access to the NWIS.

The policies and procedures have recently been refreshed for the second three-year pricing period commencing in July 2024. This enabled us to consider lessons learned from the first pricing period, the way we apply our policies and to address customers' requirements.

While the same methodology was used to calculate the network tariffs for the second pricing period, they have increased from the first pricing period. This was mainly due to inflation, which has been much higher than expected when the tariffs were set for the first pricing period, as well as other macroeconomic parameters. Horizon Power publicly consulted with existing and prospective users and customers on the proposed changes to the policies and procedures. The feedback has been addressed in the published decision.

The transitional regime for Pilbara Network Rules concluded on 1 July 2023. Horizon Power's Control Centre continues to coordinate the Pilbara electricity system in real-time under a delegation from the Independent System Operator (ISO). This maintains the security and reliability of the NWIS, for the benefit of all electricity customers connected to the NWIS. By using Horizon Power's Control Centre, the ISO can benefit from our economies of scale thereby lowering the costs of performing the function.

Likely developments in operations in future years

Asset investment and delivery

- The Blackstone power station rebuild will pilot a scalable modular power solution and inform the future roll out of high penetration renewable energy to other remote Aboriginal communities.
- We will continue the rollout of standalone power systems under the WA Government's SPS program.
- We are committed to upgrading transmission assets in the Dampier region of the Pilbara to enable continued use of the Rio Tinto interconnection to maintain reliability of electricity supply on Burrup and airport feeders.
- We are proceeding with the acquisition of the Dampier Peninsula and Warmun power stations from independent power producers following the expiration of the existing power purchase agreements in 2025.
- We are pursuing an 80 per cent renewable solution in Exmouth and are assessing options for a future energy system with increased renewable generation, following the expiration of the power purchase agreement in September 2024.

Compliance

The life support and outage management system upgrade will support improved compliance under the Economic Regulation Authority's *Code of Conduct for the Supply of Electricity to Small Use Customers.*

Shares in statutory authorities

N/A

Significant changes in state of affairs and business operations

On 1 July 2023, Horizon Power assumed responsibility from the Department of Communities for the delivery of power to 117 remote Aboriginal communities.

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 as to 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 conflicts of interests at all Board and committee meetings.

Indemnification of Directors

The Directors' and Officers' Liability Insurance Policy insures (among others) Horizon Power's directors and officers, shadow directors and employees, and covers any loss resulting from a claim made against an insured person during the policy period, subject to any exclusions set out in the Policy. The premium paid for this Policy this year is $132,907.50 (including statutory charges but excluding GST). 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 its Directors in respect of all liabilities of a civil nature 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.

It also includes covering the reasonable costs incurred defending civil proceedings where the Director is given judgment in their favour, defending criminal proceedings where the Director is acquitted, or obtaining relief under clauses 9 and 10 of Schedule 2 of the *Electricity Corporations Act 2005* (WA). The indemnity remains in full force and effect for seven years after the Director ceases to hold office.

Since last year, Horizon Power has not entered into a deed of indemnity, insurance and access.

Remuneration paid to Directors and the Executive

Board members are appointed by the State Government under the *Government Trading Enterprise Act 2023* (WA) following State Government approval processes that also outline the remuneration payable for their services. The remuneration of the Directors is determined by the Minister for Energy within a range determined by the Salaries and Allowances Tribunal.

The Chief Executive Officer's remuneration is determined by the Salaries and Allowances Tribunal and approved by the Board in conjunction with an annual performance assessment against key performance indicators.

Executive salaries were reviewed in 2024, considering both Government requirements and prevailing market trends.

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

Principles used to determine the nature and amount of remuneration

Remuneration 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, allowances 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 with a combination of cash, a selection of prescribed non-financial benefits, superannuation and the cost of fringe benefits tax.

External remuneration consultants provide analysis and advice to set remuneration to reflect the market for a comparable role. Remuneration for executives is reviewed annually so 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 the Act.

Table 15: Board of Directors' remuneration[14] for FY 2023/24[15]

Total remuneration band $	Number of directors		Short-term $'000				Post-employment $'000				Total $'000	
			Salary and fees		Other		Super		Termination			
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
0-24,999	1	0	12.6	0	0	0	1.3	0	0	0	13.9	0
25,000-49,999	4	3	42	42	0	0	4.4	4.2	0	0	46.4	46.2
50,000-74,999	1	1	60	54	0	0	6.3	5.3	0	0	66.3	59.3
75,000-99,999	1	1	95	75	0	0	9.9	7.5	0	0	104.9	82.5
100,000-124,999	0	1	0	95	0	0	0	10.5	0	0	0	105.5
125,000-150,000	0	0	0	0	0	0	0	0	0	0	0	0

14 Where there is more than one Director in the remuneration band the average remuneration is shown.
15 Government employed non-executive Directors are not remunerated by Horizon Power.

Table 16: Executive remuneration[16] for FY 2023/24

Total remuneration band $	Number of staff		Short-term $'000				Post-employment $'000				Total $'000	
			Salary and fees		Other		Super		Termination			
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
0-249,999	1	1	249	249	0	0	25	27	0	0	274	276
250,000-349,999	2	1	313	349	0	0	25	27	0	0	338	376
350,000-424,999	4	8	385	388	0	0	29	24	0	0	414	412
425,000-499,999	0	0	0	0	0	0	0	0	0	0	0	0
500,000-574,999	1	1	552	572	0	0	27	27	0	0	579	599
575,000-625,000	0	0	0	0	0	0	0	0	0	0	0	0

16 Where there is more than one Executive in the remuneration band the average remuneration is shown.

Table 17: Persons titled executive officers during FY 2023/24

Position	Title as at 30 June 2024
Ms Stephanie Unwin#	Chief Executive Officer
Mr Mike Houlahan#	Chief Financial Officer
Ms Krystal Skinner	Executive General Manager Remote Communities
Mr Darren Hill#	Executive General Manager Pilbara Transmission Planning
Ms Vi Garrood	Executive General Manager Business Development and Strategy
Ms Jennie Milne	Executive General Manager Employee Experience and Reputation
Mr Ray Achemedei	Executive General Manager Technology and Digital Transformation
Mr Cameron Parrotte#	Executive General Manager Engineering and Project Delivery
Ms Evette Smeathers#	Executive General Manager Customer and Community
Mr Mick Veverka	Executive General Manager Operations

# Denotes the five executive officers with the highest remuneration to 30 June 2024.

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).

Horizon Power is also bound by the *Government Trading Enterprises Act 2023* (WA) and its regulations which standardise governance requirements for Government Trading Enterprises.

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 2022*
- *Electricity Industry (Networks Quality and Reliability of Supply) Code 2005*
- *Electricity Industry (Metering) Code 2012.*

Compliance with other legislation

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

Restriction on the area within which we may operate

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

Observance of the Code of Conduct

Section 33 of the *Government Trading Enterprises Act 2023* (WA) requires the Board of Horizon Power to provide to the Minister for Energy, at the same time as delivering our Annual Report, a separate report on the observance of its Code of Conduct by employees.

The Board confirms that Horizon Power's Code of Conduct was updated and adopted by the Board at its meeting in December 2023.

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 was one minor misconduct matter that was reported to the Public Sector Commission (PSC). This matter was investigated and closed during the year.

Shared responsibility with other agencies

We did not share any responsibilities with other agencies during the 2023/24 financial year.

State Records Act 2020

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 2020* (WA) and our approved record keeping plan.

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

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

Our online employee induction includes the business's Code of Conduct, which explains an employee's responsibilities with respect to information and knowledge management. We regularly review our induction process so 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 ending 30 June 2024.

Table 18: Western Australian Electoral Act 1907 expenditure FY 2023/24

Agency type	Agency/organisation name	Amount
Advertising agencies	Function Creative, Impact Digital, Kiosk Creative, Rare, VML, Wunderman Thompson	$1,048,139.71
Market research	CoreData, Thinkfield	$190,373.05
Polling	N/A	
Direct mail	Campaign Monitor	$1,551.58
Media advertising organisations	Hearts & Science	$628,718.01
Total		$1,868,782.35

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 enable appropriate processes to be 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 WA. 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*

Refer environment section commencing page 58 for performance in relation to environmental obligations.

Operations and principal activities during the 2023/24 financial year

Principal activities include the generation, procurement, distribution and sale of electricity to residents and

businesses in remote and regional Western Australia. No changes to the nature of principal activities occurred during the reporting period. To avoid duplication of content, refer to the general report content for details on principal activities, and to the operational performance report commencing page 14 for a review and results of operations. Refer page 79 for changes in state of affairs and business operations.

Dividends

As requested by the State Government and approved by the ERC at its May 2024 meeting, Horizon Power has retained its dividend payments to finance future infrastructure investment. The retention relates to any dividends that were forecast to be paid in the current reporting period (including the 2022/23 final dividend and 2023/24 interim dividends).

Financial performance

We achieved a net profit after tax (NPAT) of $9.4 million, compared to $7.1 million in the previous financial year. The increase in profit is mainly attributable to higher sales of electricity to residential customers and large enterprises, partially offset by inflationary and commodity price pressures driven by global and domestic economic conditions.

We recorded a 15.5 per cent increase in total income for the year compared to the previous year ($676.4 million in FY 2023/24 v $585.6 million in FY 2022/23). The increase was primarily attributable to:

- higher energy sales
- increase in customer service obligation receipts for the Remote Essential Services Program
- increased revenue from contract works for customers.

The increase in energy sales (+$26.9 million: from $336.2 million in FY 2022/23 to $363.2 million in FY 2023/24), is primarily attributable to an increase in the residential and small and medium customer segments notably in the Kimberley and Midwest region, and to higher sales to contestable customers in the Pilbara.

Overall electricity purchases increased from the previous period, ($185.2 million in FY 2023/24 v $169.0 million in FY 2022/23) driven by an increase in spot gas prices, market price of renewable energy certificates and West Kimberley flood support payments. Fuel purchases were up 21 per cent this year, ($82.3 million in FY 2023/24 v $68.0 million in FY 2022/23), mainly attributable to the additional fuel used for the Remote Essential Services Program. Operating expenses increased by 29.5 per cent ($215.9 million in FY 2023/24 v $166.7 million in FY 2022/23) mainly due to costs incurred for contract works for customers which are offset by corresponding revenue. The business continued to invest in projects linked to decarbonisation and renewables processes and solutions.

Depreciation and amortisation costs increase is primarily driven by continued investment in replacement of aging critical infrastructure and renewable investments, and realignment of useful life of new assets based on operating conditions, namely battery energy storage systems.

Balance sheet

Our net assets totalled $660 million, an increase of $19.3 million over the previous year. Our total asset base is $2,036.6 million, with $1,340.9 million of property, plant and equipment being the key asset class.

Capital expenditure

We delivered a $105 million capital expenditure program in FY 2023/24, upgrading existing assets to enable us to continue to provide safe and reliable power across WA, along with the increased roll out of replacements of critical infrastructure in the Pilbara and investment in renewable energy asset classes. Major expenditures for the year included the following key investments:

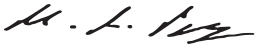
- $7.8 million airport feeder reinforcement in Karratha
- $6.7 million Mid West solar program
- $5.9 million standalone power systems
- $4.3 million electric vehicle fast charging infrastructure
- $4.2 million energy storage in regional towns.

Directors' report - confirmation

This Directors' report is authorised for issue in accordance with a resolution of the Directors on 6 September 2024.

Signed on: 6 September 2024.

Samantha Tough
Chairperson



Mark Puzey
Deputy Chairperson

Regional Power Corporation trading as Horizon Power Financial statements For the year ended 30 June 2024

ABN: 57 955 011 697

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Statement of comprehensive income

	Notes	30 June 2024 $'000	30 June 2023 $'000
Revenue	1(b)	**478,297**	410,194
Other income	2(b)	**198,146**	175,426
Total income		**676,443**	585,620
Expenses			
Electricity and fuel purchases	3(b)	**(267,996)**	(237,537)
Employee benefits expense	3(b)	**(85,462)**	(78,255)
Materials and services	3(b)	**(92,068)**	(59,388)
Depreciation and amortisation expense	3(b)	**(118,440)**	(111,842)
Other expenses	3(b)	**(38,411)**	(29,064)
Finance costs	3(b)	**(59,590)**	(59,799)
Profit before income tax equivalent expense		**14,476**	9,735
Income tax equivalent expense	4(b)	**(5,106)**	(2,594)
Profit for the year		**9,370**	7,141
Other comprehensive income			
Items not to be reclassified subsequently to profit or loss			
Re-measurement of defined benefits plan		**64**	(29)
Tax equivalent on re-measurement of defined benefits plan	4(d)	**(19)**	9
		45	(20)
Other comprehensive income for the year, net of tax equivalent		**45**	(20)
Total comprehensive income for the year		**9,415**	7,121

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

Statement of financial position

	Notes	30 June 2024 $'000	30 June 2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**177,604**	161,987
Receivables	7	**62,556**	47,820
Inventories	8	**22,001**	18,648
Intangible assets	9	**3,721**	2,012
Other current assets		**7,286**	6,357
Total current assets		**273,168**	236,824
Non-current assets			
Property, plant and equipment	10	**1,340,942**	1,297,786
Right of use asset	11	**205,922**	235,224
Work in progress	12	**148,368**	180,421
Intangible assets	9	**28,848**	22,086
Investment in joint venture	20	**3,233**	2,907
Other non-current assets		**3,185**	3,251
Deferred tax equivalent assets	5	**32,947**	36,167
Total non-current assets		**1,763,445**	1,777,842
Total assets		**2,036,613**	2,014,666
LIABILITIES			
Current liabilities			
Payables	13	**110,413**	92,478
Provisions	14	**15,763**	20,330
Current tax equivalent payable	5	**80**	733
Derivative liabilities	17	**241**	-
Interest bearing liabilities	15	**204,157**	144,442
Total current liabilities		**330,654**	257,983
Non-current liabilities			
Payables	13	**64,483**	66,588
Provisions	14	**21,075**	19,594
Retirement benefit obligations		**1,158**	1,258
Interest bearing liabilities	15	**959,256**	1,028,530
Total non-current liabilities		**1,045,972**	1,115,970
Total liabilities		**1,376,626**	1,373,953
Net assets		**659,987**	640,713
EQUITY			
Contributed equity	18	**425,972**	416,113
Retained earnings		**234,015**	224,600
Total equity		**659,987**	640,713

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 2022		**416,113**	**217,479**	**633,592**
Profit for the year		-	7,141	7,141
Other comprehensive income, net of tax equivalent		-	(20)	(20)
Total comprehensive income for the year		**-**	**7,121**	**7,121**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax equivalent	18	-	-	-
Balance at 30 June 2023		**416,113**	**224,600**	**640,713**
Balance at 1 July 2023		**416,113**	**224,600**	**640,713**
Profit for the year		**-**	**9,370**	**9,370**
Other comprehensive income, net of tax equivalent		**-**	**45**	**45**
Total comprehensive income for the year			**9,415**	**9,415**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax equivalent	18	**9,859**	**-**	**9,859**
Balance at 30 June 2024		**425,972**	**234,015**	**659,987**

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

Statement of cash flows

	Notes	30 June 2024 $'000	30 June 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**492,453**	448,147
Developer and customer contributions		**10,152**	13,234
Receipts of Tariff Equalisation Contribution (TEC)		**197,000**	175,000
Net GST and fuel tax credits received		**17,681**	8,424
Interest received		**1,601**	800
Payments to suppliers and employees (inclusive of GST)		**(615,502)**	(532,176)
Finance costs paid		**(28,670)**	(28,460)
Receipts for financial assets at fair value through profit or loss		**518**	257
Income taxes equivalent paid		**(2,556)**	(324)
Net cash inflow from operating activities	6(c)	**72,677**	84,902
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**1,637**	912
Payments for property, plant and equipment		**(72,689)**	(115,260)
Payments for intangibles		**(28,755)**	(6,988)
Investment in joint venture		**(270)**	(1,800)
Net cash outflow used in investing activities		**(100,077)**	(123,136)
Cash flows from financing activities			
Proceeds from borrowings		**208,000**	180,000
Repayment of borrowings		**(174,839)**	(133,841)
Proceeds from contributed equity	18	**9,859**	-
Customer Extension Scheme - refunds		**(3)**	(17)
Net cash inflow from financing activities		**43,017**	46,142
Net increase in cash and cash equivalents		**15,617**	7,908
Cash and cash equivalents at the beginning of the financial year		**161,987**	154,079
Cash and cash equivalents at end of year	6(b)	**177,604**	161,987

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

Contents of the notes to the financial statements

Notes to the financial statements

Corporation information

The financial statements of Regional Power Corporation, trading as Horizon Power ("Horizon Power" or "the Corporation") for the year ended 30 June 2024, were authorised for issue in accordance with a resolution of the Directors on 6 September 2024. 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 sale 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 the *Government Trading Enterprises Act 2023*.

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 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 public sector entities as well as the *Government Trading Enterprises Act 2023* and the *Government Trading Enterprises Regulations 2023*.

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 1 July 2022 to 30 June 2023. Where appropriate, comparative information are re-presented or reclassified to align to current year presentation and ensure comparability. There has been no restatement to comparative amounts.

Basis of preparation (continued)

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 30 June 2024, the Corporation had net current liabilities of $57,486,000.

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, with consideration of the following factors:

- The net cash inflow from operations amounting to $72,677,000 (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 (MLA) with the Western Australian Treasury Corporation (WATC), the Corporation's borrowing facilities for financial year ending June 2025 is up to $1,057,000,000, which includes a working capital facility of $30,000,000;
- WATC has advised the Corporation that in accordance with the MLA, WATC has no intention of cancelling any Facility within an 18 month period from 1 July 2024; and
- Under the *Electricity Industry Act 2004* the Corporation 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 published in the Government gazette at $230,000,000 for the financial year ended 30 June 2025.

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*. Electricity Networks Corporation trading as Western Power pays money into the TEF in amounts determined by the Treasurer. 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 in 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 monetary assets and monetary liabilities currency translation differences 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 rate 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 area 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))
- Useful life of intangible assets (Note 9 (a) (iii)).
- Impairment of intangible assets (Note 9 (a) (v)).
- Useful life of property, plant and equipment (Note 10 (a) (vi)).
- Impairment of property, plant and equipment (Note 10 (a) (vii)).
- Impairment of right-of-use (ROU) assets (Note 11 (c)).
- 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)).
- Lease liabilities lease term (Note 15 (a) (v)).
- Commitments (Note 25).

New and amended accounting standards and interpretations

New and amended accounting standards adopted

Horizon Power has not adopted any new accounting standards, amendments to accounting standards or interpretations for the first time in the reporting year commencing 1 July 2023, that have had a material impact on the financial statements.

New accounting standards and interpretations not yet adopted

There are no new accounting standards, amendments to accounting standards or interpretations effective after the 30 June 2024 reporting year, that will potentially have a material impact on Horizon Power in the reporting year of initial application.

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 within the financial year. 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;
- Tariff Adjustment Payments;
- Cost of living support payments;
- Esperance electrification transition payments; and
- Remote Essential Services Program.

(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; and
- 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.

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.

1. Revenue (continued)

(a) Accounting policy (continued)

(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, vegetation clearing, 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 2024 $'000	30 June 2023 $'000
Revenue consists of the following items:		
Sale of electricity	**363,155**	336,256
Community service obligations revenue	**64,129**	32,377
Developer and customer contributions	**9,441**	11,115
Network revenue	**15,870**	14,341
Revenue from contract works	**14,700**	6,517
Grants	**2,371**	3,468
Revenue from joint controlled operations	**1,998**	1,337
Others	**6,633**	4,783
	478,297	410,194

	30 June 2024 $'000	30 June 2023 $'000
Timing of Revenue Recognition:		
Services transferred at a point in time	**475,926**	406,726
Services transferred over time	**2,371**	3,468
	478,297	410,194

2. Other Income

(a) Accounting policy

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

2. Other Income (continued)

(b) Amounts recognised in statement of comprehensive income

	30 June 2024 $'000	30 June 2023 $'000
Tariff Equalisation Contribution	**197,000**	175,000
Gain on disposal of property, plant and equipment	**1,146**	426
	198,146	175,426

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; and
- Guarantee fees on borrowings from the Western Australian Treasury Corporation (WATC).

3. Expenses (continued)

(b) Amounts recognised in statement of comprehensive income

	30 June 2024 $'000	30 June 2023 $'000
Electricity and fuel purchases		
Electricity purchases	**185,219**	169,051
Fuel purchases	**82,334**	68,071
Water purchases	**443**	415
Total electricity and fuel purchases	**267,996**	237,537
Employee benefits expense		
Salaries, wages and allowances	**59,441**	54,108
Superannuation	**9,029**	8,050
Annual leave	**6,273**	5,544
Long service leave	**2,520**	2,345
Payroll tax	**5,190**	4,692
Other related expenses	**3,009**	3,516
Total employee benefits expenses	**85,462**	78,255

3. Expenses (continued)

(b) Amounts recognised in statement of comprehensive income (continued)

	30 June 2024 $'000	30 June 2023 $'000
Materials and services		
Contracted services	**57,274**	33,209
Materials	**10,253**	6,568
IT services	**7,963**	7,048
Consultant services	**7,000**	6,313
Customer services	**4,003**	3,134
Other services	**5,575**	3,116
Total materials and services	**92,068**	59,388
Depreciation		
Generation	**16,541**	12,279
Network	**46,701**	45,610
Plant & equipment	**5,969**	6,603
Right-of-use assets	**35,057**	33,608
Buildings	**3,021**	2,732
Total depreciation	**107,289**	100,832
Amortisation		
Computer software	**11,151**	11,010
Total amortisation	**11,151**	11,010
Total depreciation and amortisation	**118,440**	111,842
Other expenses		
Property expenses	**5,104**	4,615
Allowance for expected credit losses	**2,404**	2,025
Permits and licenses	**9,545**	6,091
Advertising expenses	**2,492**	2,070
Travel expenses	**3,800**	2,959
Insurance	**4,144**	3,051
Other staff-related expenses	**3,036**	3,415
Telecommunication	**1,292**	1,286
Sponsorship expenses	**1,065**	1,306
Subscriptions	**1,147**	981
Fleet-related expenses	**1,236**	1,019
Other	**3,146**	246
Total other expenses	**38,411**	29,064
Finance costs		
Lease liability interest	**26,190**	30,207
Interest on debts	**28,670**	24,929
Unwinding of discount on decommissioning provision	**669**	488
Interest other	**4,061**	4,175
Total finance costs	**59,590**	59,799

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 are 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.

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.

4. Income tax equivalent expense (continued)

(a) Accounting policy (continued)

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

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 2024 $'000	30 June 2023 $'000
Current tax	**3,001**	4,904
Deferred tax	**1,397**	(910)
Adjustments for net deferred tax assets and liabilities of prior period	**1,805**	(455)
Adjustments for current tax of prior periods	**(1,097)**	(945)
	5,106	2,594
Deferred income tax equivalent expense/(benefit) included in income tax equivalent expense comprises:		
Decrease in deferred tax equivalent assets (note 5(b)(i))	**10,579**	7,046
Decrease in deferred tax equivalent liabilities (note 5(b)(ii))	**(9,182)**	(7,956)
Closing amount	**1,397**	(910)

4. Income tax equivalent expense (continued)

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

	30 June 2024 $'000	30 June 2023 $'000
Profit before income tax equivalent expense	**14,476**	9,735
Tax at the Australian tax equivalent rate of 30.0% (2023 - 30.0%)	**4,343**	2,920
Non-temporary tax adjustments:		
Non-deductible and other	**55**	1,073
Adjustments for net deferred tax assets and liabilities of prior period	**708**	(1,399)
Total income tax equivalent expense	**5,106**	2,594

(d) Amounts recognised directly in other comprehensive income

	30 June 2024 $'000	30 June 2023 $'000
Net deferred tax equivalent - recognised directly in other comprehensive income, in relation to:		
– Re-measurement on defined benefit plans	**(19)**	9
Total	**(19)**	9

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 2024 $'000	30 June 2023 $'000
The balance comprises temporary differences attributable to:		
Lease liabilities	**84,222**	97,038
Provisions	**12,837**	12,550
Community service obligation	**3,902**	4,386
Property, plant and equipment	**2,895**	24
	103,856	113,998
Other		
Accruals	**441**	199
Contributory extension scheme	**153**	153
Other	**192**	(34)
Sub-total other	**786**	318
Total deferred tax assets	**104,642**	114,316
Set-off of deferred tax liabilities pursuant to set-off provisions (note 5(b)(ii))	**(71,695)**	(78,149)
Net deferred tax assets	**32,947**	36,167

	30 June 2024 $'000	30 June 2023 $'000
Movements:		
Opening balance	**114,316**	121,348
Credited to profit or loss (note 4(b))	**(10,579)**	(7,046)
Charged to equity	**(19)**	-
Adjustments for deferred tax equivalent assets of prior periods	**924**	14
Total	**104,642**	114,316

5. Tax equivalent assets and liabilities (continued)

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

(ii) Deferred tax equivalent liabilities

	30 June 2024 $'000	30 June 2023 $'000
The balance comprises temporary differences attributable to:		
Right-of-use assets	**69,241**	**76,313**
Other	**2,454**	**1,836**
Total deferred tax equivalent liabilities	**71,695**	**78,149**
Set-off of deferred tax equivalent assets pursuant to set-off provisions (note (5(b)(i))	**(71,695)**	**(78,149)**
Net deferred tax equivalent liabilities	**-**	-

	30 June 2024 $'000	30 June 2023 $'000
Movements		
Opening balance at 1 July	**78,149**	86,546
(Expensed)/ credited to profit or loss (note 4(b))	**(9,182)**	(7,956)
Adjustments for deferred tax liabilities of prior periods	**2,728**	(441)
Total	**71,695**	78,149

(iii) Current tax equivalent payable

	30 June 2024 $'000	30 June 2023 $'000
Income tax equivalent liability	**(80)**	(733)
Total	**(80)**	(733)

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 2024 $'000	30 June 2023 $'000
Cash in operational accounts	**127,604**	**111,987**
Short-term investment deposits	**50,000**	**50,000**
Total	**177,604**	161,987

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 2024 $'000	30 June 2023 $'000
Profit for the year	**9,370**	7,141
Depreciation and amortisation	**118,440**	111,842
Gifted assets	**(2,541)**	(3,719)
Share of profit from joint ventures	**(26)**	(49)
Net gain on sale of non-current assets	**(877)**	(409)
Allowance for expenses credit losses	**2,404**	2,025
Changes in operating assets and liabilities:		
Receivables	**(16,103)**	(5,599)
Inventories	**(3,353)**	(6,248)
Other current assets	**(2,641)**	(2,299)
Payables	**(47,726)**	(45,124)
Other current liabilities	**16,106**	16,328
Derivatives	**241**	3,922
Tax equivalent assets and liabilities	**2,568**	2,265
Employee provisions	**(4,567)**	312
Other provisions	**1,382**	4,514
Net cash inflow from operating activities	**72,677**	84,902

(d) Non-cash investing and financing activities

	30 June 2024 $'000	30 June 2023 $'000
Gifted assets (note 10(b))	**2,541**	4,110
Additions to right-of-use assets (note 11(d))	**4,165**	1,281
Total	**6,706**	5,391

7. Receivables

(a) Accounting policy

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 the original invoice amount less an allowance for any expected credit loss. No interest is charged on current receivables.

Horizon Power applies the AASB 9 Financial Instruments general approach to measuring expected credit losses which uses a lifetime expected loss allowance for all 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 receivables for the same types of contracts. The expected loss rates for 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 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 the nature of transactions.

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

The amount of the expected credit loss is recognised in the statement of comprehensive income within other expenses. When a receivable for which an expected credit loss 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 expected credit loss allowance expense.

(b) Amounts recognised in Statement of Financial Position

	30 June 2024 $'000	30 June 2023 $'000
Receivables		
Receivables - energy - billed	**31,387**	21,810
Receivables - energy - unbilled (i)	**24,468**	21,991
Total receivables - energy	**55,855**	43,801
Allowance for expected credit loss – energy	**(4,778)**	(4,213)
	51,077	39,588
Receivables - non-energy	**7,551**	4,420
Allowance for expected credit loss – non-energy	**(1,168)**	(879)
	6,383	3,541
Other receivables (note 7(d))	**5,096**	4,691
Total receivables	**62,556**	47,820

(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: Expected credit loss

The allowance for expected credit loss of receivables is based on assumptions about the 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 2024 $'000	30 June 2023 $'000
At 1 July	**5,092**	4,804
Allowance for expected credit loss recognised during the year	**2,404**	2,025
Receivables written off during the year as uncollectable	**(1,550)**	(1,737)
At 30 June	**5,946**	5,092

The creation and release of the allowance for expected credit loss of receivables have 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.

The loss allowance as at 30 June 2024 was determined as follows for both trade receivables and unbilled amounts:

30 June 2024

Energy Status	Total Energy Receivables $'000	Expected Loss Rate	Loss Allowance $'000
Not overdue	**28,127**	**0.1%**	**34**
Overdue			
Pre-disconnection	**13,867**	**1.5%**	**214**
Post-disconnection	**5,967**	**17.4%**	**1,039**
Special dispensation	**4,883**	**18.4%**	**899**
With collection agents	**1,466**	**81.1%**	**1,188**
Not recoverable	**1,545**	**90.9%**	**1,404**
Total	**55,855**	**8.6%**	**4,778**

7. Receivables (continued)

(c) Impaired trade receivables (continued)

Non-energy status	Total Non-energy Receivables $'000	Expected Loss Rate	Loss Allowance $'000
Not overdue	**2,795**	**0.2%**	**5**
Overdue			
Government and related entities	**1,920**	**1.1%**	**22**
Low to moderate risk	**2,275**	**26.5%**	**604**
High risk	**137**	**82.5%**	**113**
Not recoverable	**424**	**100.0%**	**424**
Total	**7,551**	**15.5%**	**1,168**

30 June 2023

Energy Status	Total Energy Receivables $'000	Expected Loss Rate	Loss Allowance $'000
Not overdue	15,326	0.3%	45
Overdue			
Pre-disconnection	15,609	1.6%	251
Post-disconnection	5,528	16.3%	902
Special dispensation	5,078	19.0%	966
With collection agents	1,303	90.4%	1,179
Not recoverable	957	90.9%	870
Total	43,801	8.5%	4,213

Non-energy Status	Total Non-energy Receivables $'000	Expected Loss Rate	Loss Allowance $'000
Not overdue	2,836	0.7%	20
Overdue			
Government and related entities	308	7.1%	22
Low to moderate risk	816	46.9%	383
High risk	37	83.8%	31
Not recoverable	423	100.0%	423
Total	4,420	19.9%	879

(d) Other receivables

These amounts generally arise from transactions outside the usual operating activities of Horizon Power. 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 2024 $'000	30 June 2023 $'000
Materials	**17,250**	15,216
Fuel	**4,751**	3,432
Total inventories	**22,001**	18,648

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) 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 Clean Energy Regulator (CER). 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 agreement with suppliers. Horizon Power's liability is measured at the estimated cost to settle its obligation to the CER, being the number of RECs required to settle the obligation, less the number of any internally generated RECs on hand at year end. Any shortfall in the number of RECs is measured at market value (unless there are unfulfilled contracts to purchase RECs at a fixed or agreed price).

(iii) 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
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.

(iv) 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 the 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.

(v) Impairment of assets

Intangible assets are tested for impairment annually to determine if there is any indication of impairment. If any indication exists, Horizon Power 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 2024 (2023: nil).

9. Intangible assets (continued)

(b) Amounts recognised in statement of financial position

(i) Current assets

Renewable energy certificates	30 June 2024 $'000	30 June 2023 $'000
Opening balance	**2,012**	1,427
Additions	**10,909**	6,275
Surrendered	**(9,200)**	(5,690)
Closing balance	**3,721**	2,012

(ii) Non-current assets

Computer software	30 June 2024 $'000	30 June 2023 $'000
Year ended 30 June 2024		
Opening carrying amount	**22,086**	26,448
Transfers from work in progress (note 12)	**17,913**	6,648
Amortisation charge	**(11,151)**	(11,010)
Closing carrying amount	**28,848**	22,086
Cost	**127,328**	109,416
Accumulated amortisation	**(98,480)**	(87,330)
Carrying amount	**28,848**	22,086

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 their present value as at the relevant date of acquisition.

10. Property, plant and equipment (continued)

(a) Accounting policy (continued)

(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 network that is 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 the 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.

(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 the 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.

10. Property, plant and equipment (continued)

(a) Accounting policy (continued)

(vii) Impairment of assets (continued)

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. 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 at 30 June 2024 (2023: nil).

(b) Amounts recognised in statement of financial position

	Freehold land	Buildings	Generation	Network	Plant & equipment	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Year ended 30 June 2024						
Opening carrying amount	11,742	55,147	209,526	995,265	26,106	1,297,786
Additions	**-**	**-**	**-**	**515**	**-**	**515**
Transfers from work in progress (note 12)	**-**	**8,648**	**30,912**	**70,378**	**5,426**	**115,364**
Disposals	**(20)**	**(374)**	**(50)**	**(5)**	**(42)**	**(491)**
Depreciation charge (note 3b)	**-**	**(3,021)**	**(16,541)**	**(46,701)**	**(5,969)**	**(72,232)**
Closing carrying amount	**11,722**	**60,400**	**223,847**	**1,019,452**	**25,521**	**1,340,942**
At 30 June 2024						
Cost	**11,722**	**93,476**	**351,368**	**1,532,626**	**104,674**	**2,093,866**
Accumulated depreciation	**-**	**(33,076)**	**(127,521)**	**(513,174)**	**(79,153)**	**(752,924)**
Carrying amount	**11,722**	**60,400**	**223,847**	**1,019,452**	**25,521**	**1,340,942**

	Freehold land	Buildings	Generation	Network	Plant & equipment	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Year ended 30 June 2023						
Opening carrying amount	11,975	51,990	190,600	1,004,148	30,895	1,289,608
Additions	39	-	-	6,720	-	6,759
Transfers from work in progress (note 12)	-	6,127	31,205	30,007	1,975	69,314
Disposals	(272)	(238)	-	-	(161)	(671)
Depreciation charge (note 3b)	-	(2,732)	(12,279)	(45,610)	(6,603)	(67,224)
Closing carrying amount	11,742	55,147	209,526	995,265	26,106	1,297,786
At 30 June 2023						
Cost	11,742	85,454	320,519	1,461,745	99,829	1,979,289
Accumulated depreciation	-	(30,307)	(110,993)	(466,480)	(73,723)	(681,503)
Carrying amount	11,742	55,147	209,526	995,265	26,106	1,297,786

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 2024 was $2,541,000 (2023: $4,110,000).

Plant and equipment include capitalised decommissioning costs of $2,027,000 (2023: $3,036,000).

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 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 the term of the contract (2 to 30 years)
- Office and residential properties — 2 – 13 years

(c) Impairment of assets

Right-of-use assets are tested for impairment annually to determine if there is any indication of impairment. If any indication exists, Horizon Power 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.

(d) Amounts recognised in statement of financial position

	Power purchase agreements	Office and residential properties	Total
	$'000	**$'000**	**$'000**
Year ended 30 June 2024			
Opening carrying amount	**222,211**	**13,013**	**235,224**
Additions	**3,093**	**1,072**	**4,165**
Lease adjustments	**570**	**1,020**	**1,590**
Disposals	**-**	**-**	**-**
Depreciation charge (note 3b)	**(31,933)**	**(3,124)**	**(35,057)**
Closing carrying amount	**193,941**	**11,981**	**205,922**
At 30 June 2024			
Cost	**599,428**	**22,039**	**621,467**
Accumulated depreciation	**(405,487)**	**(10,058)**	**(415,545)**
Carrying amount	**193,941**	**11,981**	**205,922**

11. Right-of-use assets (continued)

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

	Power purchase agreements	Office and residential properties	Total
	$'000	**$'000**	**$'000**
Year ended 30 June 2023			
Opening carrying amount	246,516	13,932	260,448
Additions	-	1,281	1,281
Lease adjustments	6,795	316	7,111
Disposals	-	(8)	(8)
Depreciation charge (note 3b)	(31,100)	(2,508)	(33,608)
Closing carrying amount	222,211	13,013	235,224
At 30 June 2023			
Cost	595,765	19,952	615,717
Accumulated depreciation	(373,554)	(6,939)	(380,493)
Carrying amount	222,211	13,013	235,224

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 assets' useful life.

Non-Current Assets

	30 June 2024 $'000	30 June 2023 $'000
Opening balance	**180,421**	139,695
Additions	**104,317**	116,688
Transfers to right-of-use assets (note 11(d))	**(3,093)**	-
Transfers to intangible (note 9 (b) (ii))	**(17,913)**	(6,648)
Transfers to property plant and equipment (note 10 (b))	**(115,364)**	(69,314)
Closing balance	**148,368**	180,421

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.

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.

(b) Amounts recognised in statement of financial position

(i) Current liabilities

	30 June 2024 $'000	30 June 2023 $'000
Payables	**87,677**	72,913
CES payables	**1,802**	681
Other payables	**560**	1,572
Contract liabilities	**20,374**	17,312
Total	**110,413**	92,478

(ii) Non-current liabilities

	30 June 2024 $'000	30 June 2023 $'000
Contract liabilities	**64,483**	66,588
Total	**64,483**	66,588

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 2024 $'000	30 June 2023 $'000
Carrying amount at the start of the year	**83,900**	83,575
Additions	**16,195**	15,780
Revenue recognised in the reporting period	**(15,238)**	(15,455)
Closing balance	**84,857**	83,900
Comprised of:		
Current	**20,374**	17,312
Non-current	**64,483**	66,588
Total	**84,857**	83,900

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; and
- 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 Horizon Power'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 Horizon Power'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.

- Termination benefits

Termination benefits are payable when employment is terminated by Horizon Power 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

14. Provisions (continued)

(a) Accounting policy (continued)

(i) Employee benefits (continued)

Provisions, Contingent Liabilities and Contingent Assets 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 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 the application of environmental legislation, plant closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditures 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 the property, plant and equipment in note 10.

(b) Amounts recognised in statement of financial position

Current liabilities

	30 June 2024 $'000	30 June 2023 $'000
Long service leave	**6,209**	7,644
Annual leave	**6,010**	5,345
Decommissioning and rehabilitation	**733**	634
Employee benefits accruals and on-costs	**2,811**	6,707
Total	**15,763**	20,330

14. Provisions (continued)

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

Non-Current liabilities

	30 June 2024 $'000	30 June 2023 $'000
Long service leave	**4,815**	2,250
Decommissioning and rehabilitation	**15,231**	16,949
Employee benefits accruals and on-costs	**1,029**	395
Total	**21,075**	19,594

Movements in provisions - decommissioning and rehabilitation

	30 June 2024 $'000	30 June 2023 $'000
Carrying amount at the start of the year	**17,583**	15,347
Payments/other sacrifices of economic benefits	**(261)**	(1,632)
Changes in assumptions	**(2,027)**	3,380
Unwinding of discount	**669**	488
Carrying amount at end of year	**15,964**	17,583
Comprised of:		
Current	**733**	634
Non-current	**15,231**	16,949
Total	**15,964**	17,583

Movements in provisions – Employee benefits accruals and on-costs

	30 June 2024 $'000	30 June 2023 $'000
Carrying amount at the start of the year	**7,102**	5,983
Additional provisions recognised	**3,219**	1,494
Payments/other sacrifices of economic benefits	**(6,481)**	(375)
Carrying amount at end of year	**3,840**	7,102
Comprised of:		
Current	**2,811**	6,707
Non-current	**1,029**	395
Total	**3,840**	7,102

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.

14. Provisions (continued)

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

	30 June 2024 $'000	30 June 2023 $'000
Annual leave		
Annual leave expected to be settled within 12 months	**4,327**	3,943
Annual leave expected to be settled after 12 months	**1,683**	1,402
Total	**6,010**	5,345

Long service leave liabilities are unconditional long service leave provisions 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 2024 $'000	30 June 2023 $'000
Long service leave		
Long service leave expected to be settled within 12 months	**5,417**	2,907
Long service leave expected to be settled after 12 months	**5,607**	6,987
Total	**11,024**	9,894

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 Western Australian Treasury Corporation (WATC).

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;

15. Interest-bearing liabilities (continuted)

(a) Accounting policy (continued)

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

- 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 right-of-use 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 payments 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 re-measuring 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 to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what Horizon Power estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the ROU 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 right-of-use asset and lease liability. Judgement is exercised in determining 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; the 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 2024 $'000	30 June 2023 $'000
WATC loans (i)	**164,000**	100,000
Lease liabilities (note 25 (b))	**40,157**	44,442
Total	**204,157**	144,442

Non-Current liabilities

	30 June 2024 $'000	30 June 2023 $'000
WATC loans (ii)	**718,672**	749,511
Lease liabilities (note 25 (b))	**240,584**	279,019
Total	**959,256**	1,028,530

(i) The fair value of the current loans owing to WATC is $164,214,000 (2023: $100,033,000).
(ii) The fair value of the non-current loans owing to WATC is $679,796,00 (2023: $705,827,000).

Classification of borrowings

As at 30 June 2024, the non-current WATC loans of $718,672,000 (2023: $749,511,000) included an amount of $82,221,000 (2023: $83,397,000) with an original contractual maturity in the 2024-25 year. It is Horizon Power's expectation that this amount will be refinanced under the 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; and
- Horizon Power's approved forecast borrowing requirements for the next four years, include no repayment of amounts classified above as non-current and contained within the 2023-24 State Budget.

Horizon Power's borrowing limit as at 30 June 2024 was $925,540,000 (2023: $850,580,000)

16. Financial risk management

Horizon Power's principal financial instruments comprise cash and cash equivalents, receivables, derivatives financial instruments, payables and interest-bearing borrowings.

Horizon Power holds the following financial instruments:

	30 June 2024 $'000	30 June 2023 $'000
Financial assets		
Cash and cash equivalents	**177,604**	161,987
Financial assets at amortised cost	**57,333**	43,899
Total	**234,937**	205,886
Financial liabilities		
Financial liabilities at amortised cost	**88,818**	71,545
Financial liabilities at fair value through profit or loss	**241**	-
Lease liabilities	**280,741**	323,461
WATC Loans	**882,672**	808,353
Total	**1,252,472**	1,203,359

16. Financial risk management (continued)

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 enable significant financial and associated risks to be managed through the use of various financial instruments.

The main risks arising from Horizon Power's financial instruments are summarised below.

Risk	Exposure arising from	Measurement	Management
Market risk- foreign exchange	Future commercial transactions Fluctuations in the gasoil price	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk- commodity price	Fluctuations in the gasoil price	Sensitivity analysis	AUD-denominated gasoil commodity swaps
Market risk- interest rate	Long-term floating (variable) WATC loans	Sensitivity analysis	Debt guidelines
Liquidity risk	WATC loans	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Credit risk	Cash and cash equivalents and receivables	Aging analysis Credit ratings	Credit management Approved counterparties exposure. Monitor of ratings from rating agency.

(a) Market risk

(i) Foreign exchange risk

Exposure

Horizon Power's exposure to foreign currency risk at the current reporting date is low because all the transactions were denominated in Australian dollars (AUD).

(ii) Commodity price risk

Exposure

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.

Instruments used

Horizon Power may enter into a 12-month hedging program for the full financial year, based on a minimum of 80% of the monthly forecasted volumes. There was no exposure to commodity swaps at year-end.

16. Financial risk management (continued)

(iii) Interest rate risk

Exposure

Horizon Power's exposure to floating interest rates relate primarily to its floating 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 working capital facilities, have variable interest rates linked to movements in Reserve Bank of Australia rates. The ratio of floating debt shall be a maximum of 30% of total core debt portfolio.

The debt portfolio is expected to be maintained with the following minimum and maximum debt maturity guidelines with the Financial Risk Management policy.

	Term				
	< 1 Year	> 1 Year	> 3 Years	> 5 Years	> 10 Years
Maximum Policy Limit	30%	100%	100%	100%	10%
Minimum Policy Limit	0%	70%	40%	30%	0%

The exposure of Horizon Power's WATC loans to interest rate changes and the contractual re-pricing dates at the end of the year are as follows:

	30 June 2024 $'000	**% of total loans**	30 June 2023 $'000	% of total loans
Floating rate borrowings	**225,761**	**26%**	164,064	19%
Fixed-rate borrowings- repricing or maturity dates:				
Less than 1 year	**69,409**	**8%**	70,710	8%
Between 1 and 5 years	**274,179**	**31%**	275,043	32%
Over 5 years	**313,323**	**35%**	339,694	40%
Total	**882,672**	**100%**	849,511	100%

An analysis by maturities is provided in note 16(b) below. The percentage of total WATC loans shows the proportion of loans that are currently at floating rates concerning the total amount of borrowings.

Instruments used

There are no financial instruments used to manage the exposure.

Sensitivity

Profit or loss is sensitive to higher/ lower interest expenses from WATC loans due to changes in interest rates of floating WATC loans.

At 30 June 2024, if interest rates had decreased/increased by 200 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 been less than $2.5 million.

16 Financial risk management (continued)

(b) Liquidity risk

Horizon Power's objective is to enable sufficient funding to be available at all times, to meet the financial commitments of Horizon Power, as they arise in a cost-effective manner.

Horizon Power has appropriate procedures to manage cash flows including preparation of cash flows forecast and making decisions using the facilities in place as well as monitoring to enable sufficient funds to be available to meet its commitments.

At the reporting date, Horizon Power held short-term investment deposits of $50,000,000 (2023: $50,000,000) that are expected to readily generate cash inflows for managing liquidity risk.

Financial arrangements

Horizon Power's borrowing limits are based on Horizon Power's forecast cash flow estimates submitted for the Annual State Budget. WATC will manage Horizon Powers' requests for borrowings within the confines of these approved limits unless, and until, it receives authority from the Treasurer for any approved amendment.

The borrowing limit at the reporting date was $925,540,000 (2023: $850,580,000)

The amounts disclosed in the following tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

		Interest rate exposure				Maturity dates				
2024	**Weighted average effective interest rate**	**Carrying amount**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**Nominal amount**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**
	%	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets										
Cash and cash equivalents	2.82	177,604		177,604		177,604	177,604	-	-	-
Trade Receivables [(a)]		52,236			52,236	57,642	57,642	-	-	-
Other Receivables		5,097			5,097	5,097	5,097	-	-	-
Total		**234,937**	**-**	**177,604**	**57,333**	**240,343**	**240,343**	**-**	**-**	**-**
Financial liabilities										
Payables		88,818			88,818	88,818	88,818			
Lease liabilities [(b)]	9.50	280,741	280,741			436,793	17,081	44,745	186,423	188,544
WATC Loans and Borrowings	3.35	882,672	656,911	225,761		1,013,740	185,999	63,883	355,408	408,450
Total		**1,252,231**	**937,652**	**225,761**	**88,818**	**1,539,351**	**291,898**	**108,628**	**541,831**	**596,994**

(a) The amount of payable excludes the GST recoverable from the Australian Tax Office.

(b) The amount of lease liabilities includes $266,737,000 (2023: $308,663,000) from power purchase agreements and $14,004,000 (2023: $14,807,000) from leased buildings.

16 Financial risk management (continued)

(b) Liquidity risk (continued)

2023	Weighted average effective interest rate	Carrying amount	Interest rate exposure: Fixed interest rate	Interest rate exposure: Variable interest rate	Interest rate exposure: Non-interest bearing	Nominal amount	Maturity dates: Less than 3 months	Maturity dates: 3 to 12 months	Maturity dates: 1 to 5 years	Maturity dates: More than 5 years
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets										
Cash and cash equivalents	2.93	161,987		161,987		161,987	161,987	-	-	-
Trade Receivables [a]		39,208			39,208	43,837	43,837	-	-	-
Other Receivables		4,691			4,691	4,691	4,691	-	-	-
Total		**205,886**	**-**		**43,899**	**210,515**	**210,515**	**-**	**-**	**-**
Financial liabilities										
Payables		71,545			71,545	71,545	71,545			
Lease liabilities[b]	9.52	323,461	323,461			505,529	17,702	52,845	216,922	218,060
WATC Loans and Borrowings	3.14	849,511	685,447	164,064		980,285	120,407	65,968	362,276	431,634
Total		**1,244,517**	**1,008,908**	**164,064**	**71,545**	**1,557,359**	**209,654**	**118,813**	**579,198**	**649,694**

(a) The amount of receivables excludes the GST recoverable from the Australian Tax Office.
(b) The amount of lease liabilities includes $308,663,000 from power purchase agreements and $14,807,000 from leased buildings.

(c) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to energy and non-energy (such as customer-funded works) customers, including outstanding receivables.

Risk management – counterparty risk

Horizon Power minimises its credit risk by transacting only with quality credit counterparties with a Standard and Poors (S&P) rating of A or better. Where the counterparty is not specifically rated by S&P the equivalent Moody's rating may be used.

Horizon Power manages credit risk by setting, monitoring and updating credit limits for its financial counterparties. No derivative transaction is to be undertaken with any counterparty unless an International Swaps and Derivatives Association ("ISDA") Agreement is executed.

Risk management – energy and non-energy customers

Energy customer credit risk is managed under the established policies, procedures and control relating to customer credit risk management.

16. Financial risk management (continued)

(c) Credit risk (continued)

Risk management – non-energy (customers funded works)

Horizon Power has policies under which the creditworthiness of non-energy customers is assessed before credit is offered. Horizon Power has undertaken credit vetting which includes external ratings, where available and agreed to install payment options where required.

Horizon Power follows stringent credit control and management procedures in reviewing and monitoring debtor accounts.

Credit risk in respect of energy and non-energy receivables is detailed in note 7(c).

17. Derivative liabilities

(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.

(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 adviser. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument.

17. Derivative liabilities (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; or
- Fair value hedges are 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 that are 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 the fair value of derivatives that are designated and qualify as cash flow hedges are 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. Derivative liabilities (continued)

(b) Amounts recognised in statement of financial position

	30 June 2024 $'000	30 June 2023 $'000
Current liabilities		
Commodity swaps	**241**	-
Total current financial instrument assets	**241**	-

The commodity swaps are measured at fair value based on Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Horizon Power uses gasoil commodity swaps to hedge its diesel exposure. Gasoil commodity swaps allow Horizon 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 are 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 2024 $'000	30 June 2023 $'000
Opening Balance	**416,113**	416,113
Equity contribution during the financial year	**9,859**	-
Total contributed equity at the end of the financial year (i)	**425,972**	416,113

18. Contributed equity (continued)

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

(i) The increase in contributed equity was in respect of the following:

	30 June 2024 $'000	30 June 2023 $'000
Electric vehicle charging infrastructure	**2,404**	**-**
Transfer of Remote Essential Services Program	**7,455**	**-**
Total increase in contributed equity	**9,859**	**-**

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.

In May 2024, WA Government requested that all dividends payable in 2023-24 be retained by Horizon Power to fund future infrastructure investments, as result no dividends were paid for the year ended 30 June 2024 (2023: $0).

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 operations 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% (2023: 50%)

20. Interests in joint operations and joint venture (continued)

(a) Accounting policy (continued)

(ii) Jointly controlled operations (continued)

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% (2023: 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 2024 $'000	30 June 2023 $'000
Opening balance	**567**	**553**
Share of profit for the year	**410**	**14**
Closing balance	**977**	**567**

Name of entity	Principal activity	% of ownership interest
WAAE Pty Ltd	Designs and builds rooftop and ground-mounted solar PV and battery storage systems	50% (2023: 50%)

WAAE Pty Ltd, was established in March 2023 as a 50:50 Incorporated Joint Venture with Green to Go Ltd.

The movement in the net carrying value of investment in WAAE Pty Ltd is shown below:

	30 June 2024 $'000	30 June 2023 $'000
Opening balance	**2,340**	**-**
Investment	**-**	**2,000**
Shareholder loan	**300**	**305**
Share of profit for the year	**(384)**	**35**
Closing balance	**2,256**	**2,340**

20. Interests in joint operations and joint venture (continued)

(b) Accounting policy (continued)

(iv) Total interests in joint ventures

Total interests in Joint ventures	**30 June 2024 $'000**	30 June 2023 $'000
Boundary Power Pty Ltd	**977**	567
WAAE Pty Ltd	**2,256**	2,340
Closing balance	**3,233**	**2,907**

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.

The total compensation paid to key management personnel for the reporting period is presented below.

	30 June 2024 $'000	30 June 2023 $'000
Short-term employee benefits	**4,029**	3,304
Post employment benefits	**302**	259
Others^	**40**	278
Total compensation of key management personnel	**4,371**	3,841

^ Amount paid for contractor services rendered as Executive General Manager. The remuneration paid in the year ended 30 June 2024, relates to services rendered during the year ended 30 June 2023.

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; and
- The Government Employees Superannuation Board (GESB).

22. Related party transactions (continued)

Transactions with State Government related entities include sale of electricity, purchases of inventories and service transactions in the ordinary course of business on normal commercial terms. Other significant transactions include:

- WATC: Borrowings under a Master Lending Agreement whereby Horizon Power has drawn down $208,000,000 (2023: $180,000,000) and repaid $174,839,000 (2023: $133,841,000) of borrowings at 30 June 2024. Interest incurred under the Master Lending Agreement was $28,260,000 (2023: $23,739,000) at 30 June 2024.
- Department of Treasury:

  $17,881,000 (2023: $15,802,000) received for the WA Electricity Credit, allocated to customer accounts.

  $197,000,000 (2023: $175,000,000) received in relation to the Tariff Equalisation Fund.

  $9,628,000 (2023: $19,988,000) for the reimbursement of the cost of CSOs included in fuel, electricity and other purchases.

  $17,002,000 (2023: $23,755,000) received as operating subsidies.

  $2,404,000 (2023: $0) received as equity injection for electric vehicle charging infrastructure.

  $3,650,000 (2023: $0) received as grants for the Community Solar Banks Program.

  $10,362,000 (2023: $12,236,000) received as funding for the Remote Essential Services Program.

  $7,455,000 (2023: Nil), received as equity injection for the Remote Essential Services Program, refer to note 18.

- Department of Primary Industries and Regional Development: $30,570,000 (2023: $0) received in relation to the Remote Essential Services Program.
- Department of Communities: Payments of $6,956,000 (2023: $1,696,000) in relation to the Remote Essential Service Program.
- Electricity Networks Corporation: Transactions disclosed below are in relation to inventory purchases and network access and metering services.
- Electricity Generation and Retail Corporation: Transactions disclosed below are in relation to electricity sales, purchases and services.

Transactions with joint ventures and operations and associates, disclosed below, include transactions in relation to the manufacturing and sale of Standalone Power Systems with Boundary Power Pty Ltd and the design and build of battery storage systems with WAAE Pty Ltd.

Horizon Power is not aware of any material transactions with the key management personnel or their close family members or controlled entities outside the ordinary course of business and normal commercial terms, other than disclosed below in relation to Parrotte Energy Consulting for consulting and services rendered as Executive General Management. The payment to Parrotte Energy Consulting in the year ended 30 June 2024, relates to services rendered during the year ended 30 June 2023. Remuneration and benefits received by directors and key management personnel are disclosed in the directors' report and in note 21. Horizon Power is not aware of any material transactions with the Premier of Western Australia or any of the Cabinet Ministers during the year ended 30 June 2024.

22. Related party transactions (continued)

	Receipts $'000	Payments $'000	Liabilities $'000	Receivables $'000	Commitments $'000
30 June 2024					
Joint Ventures	**81**	**(4,866)**	**(776)**	**-**	**(328)**
Electricity Networks Corporation	**3,578**	**(9,296)**	**(82)**	**-**	**(199)**
Electricity Generation and Retail Corporation	**960**	**(246)**	**-**	**-**	**-**
Parrotte Energy Consulting	**-**	**(44)**	**-**	**-**	**-**
30 June 2023					
Joint Ventures	81	(7,369)	(209)	-	(8,901)
Electricity Networks Corporation	3,125	(10,871)	(95)	-	(415)
Electricity Generation and Retail Corporation	**-**	-	-	-	(259)
Parrotte Energy Consulting	**-**	(371)	-	-	-

23. Contingencies

(i) Contingent liabilities

Essential Services Transfer Deed

The Corporation entered into the Essential Services Transfer Deed (the Deed) effective 1 July 2023, to reallocate responsibility and funding from the Department of Communities for the delivery of power services in 117 Remote Aboriginal Communities.

The Corporation may be required at a point in the future to decommission some existing infrastructure within these Remote Aboriginal Communities.

The Corporation anticipates receiving government funding to meet the costs of any such activities.

Natural Disasters

Contingent liabilities at 30 June 2023 arising from natural disasters was settled and paid in the year ended 30 June 2024.

(ii) Contingent assets

Horizon Power did not have any contingent assets as at 30 June 2024 (30 June 2023: 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 Water and Environmental Regulation (DWER). In accordance with the Act, DWER 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 2024 $'000	30 June 2023 $'000
Audit of financial statements	**283**	247
Total	**283**	247

(i) Audit services

Under the Act, the Auditor General of Western Australian 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 of Western Australia.

(ii) Non-audit services

Neither the Office of Auditor General of Western Australia nor their agents provided non-audit services during the year ended 30 June 2024 (2023: Nil).

25. Commitments

(a) Capital commitments

	30 June 2024 $'000	30 June 2023 $'000
Within one year	**39,679**	38,829
Total	**39,679**	38,829

- At 30 June 2024, capital expenditure commitments principally related to Standalone Power System – Round 5 ($13,350,066), Standalone Power System – Round 4 ($3,920,669), HP Light Commercial Vehicle Replacement ($3,368,101) and Electric Vehicle Fast Charging Infrastructure ($2,291,738).
- At 30 June 2023, capital expenditure commitments principally related to Standalone Power System - Round 4 ($7,282,000), Midwest Solar Program ($5,507,000), Electric Vehicle (EV) Fast Charging Infrastructure ($4,378,000), Energy Storage in Regional Towns ($3,830,000), Enhance Work Management Proc & Mobility ($2,864,000) and DER Management Platform ($2,272,000).

25. Commitments (continued)

(b) Energy Procurement and Property Lease 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.

	30 June 2024 $'000	30 June 2023 $'000
Commitments in relation to leases are payable as follows:		
Within one year	**61,826**	70,547
Later than one year but not later than five years	**186,423**	216,913
Later than five years	**188,544**	218,060
Minimum lease payments	**436,793**	505,520
Future finance charges	**(156,052)**	(182,059)
Recognised as a liability	**280,741**	323,461
Representing lease liabilities:		
Current (note 15 (b))	**40,157**	44,442
Non-current (note 15 (b))	**240,584**	279,019
Total	**280,741**	323,461

Forecast energy procurement requirements are not included in the above commitments.

(ii) Non-lease commitments – Energy Procurement

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 2024 $'000	30 June 2023 $'000
Within one year	**142,457**	139,143
Later than one year but not later than five years	**487,445**	517,871
Later than five years	**1,564,774**	1,605,592
Total	**2,194,676**	2,262,606

25. Commitments (continued)

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 whether the arrangement conveys a right to use the asset. Under certain lease arrangements, Horizon Power has the option to purchase the underlying assets.

(c) Non-lease commitments – Property, Plant and Equipment

Horizon Power has commitments to leases of short term or low-value IT equipment, and property leases, at 30 June 2024, that do not qualify as a right-of-use asset under AASB 16 Leases. Property lease rentals are subject to half yearly and yearly reviews.

	30 June 2024 $'000	30 June 2023 $'000
Commitments for other lease payables are as follows:		
Within one year	**447**	1,244
Later than one year but not later than five years	**254**	383
Later than five years	**-**	-
Total	**701**	1,627

26. Subsequent events

No other 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 (the Corporation), we state that:

In the opinion of the Directors:

(a) The financial statements and notes are prepared in accordance with the *Government Trading Enterprises Act 2023* and the *Government Trading Enterprises Regulations 2023*, and

  (i) Gives a true and fair view of the financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

  (ii) In accordance with Australian Accounting Standards;

(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.

The directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer for the reporting year ended 30 June 2024.

Signed in accordance with a resolution of the Directors:

Samantha Tough
Chairperson

Mark Puzey
Deputy Chairperson

6 September 2024

Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

Regional Power Corporation (trading as Horizon Power)

To the Parliament of Western Australia

Opinion

I have audited the financial report of the Regional Power Corporation (trading as Horizon Power) (the Corporation) which comprises:

- the statement of financial position as at 30 June 2024, 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 material accounting policies
- the directors' declaration.

In my opinion, the financial report of the Corporation is prepared in accordance with the *Government Trading Enterprises Act 2023* and the Government Trading Enterprises Regulations 2023, and:

- gives a true and fair view of the financial position as at 30 June 2024 and of its performance for the year then ended
- in accordance with Australian Accounting Standards.

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.

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 2024, 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.

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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.

Responsibilities of the directors for the financial report

The directors of the Corporation are responsible for:

- keeping proper records
- preparation of the financial report in accordance with the *Government Trading Enterprises Act 2023* and the Government Trading Enterprises Regulations 2023 that gives a true and fair view in accordance with Australian Accounting Standards
- 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 management 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 2024 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 are 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
9 September 2024

Glossary

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 (CO2-e), the amount of a greenhouse gas measured as an equivalent amount relative to carbon dioxide's global warming potential.
Clean Energy Regulator	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.
Co-creator	A person or representative group that collaborates to innovate and develop energy solutions.
Cost to supply	All costs associated with Horizon Power's customers, divided by kilowatt hours sent out.
Customer energy resources (CER)	Distributed energy assets like solar panels, batteries, and smart appliances that consumers use to generate or manage energy.
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 resource 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.
Energy Charter	A national CEO-led collaboration that supports the energy sector toward a customer-centric future. The core 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 or other useful 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	
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.
Government Trading Enterprises Act 2023 (WA)	The GTE Act took effect 1 July 2023, and was introduced to consolidate governance requirements of GTEs which were contained in multiple instruments, while maintaining flexibility for practices to adapt to industry, market and Government policy changes over time. The GTE Act provides GTEs with greater clarity on their relationship with Government, and consolidates and updates governance, strategic planning, and financial management provisions without mandating how GTEs undertake their day-to-day business activities.
Green hydrogen	Produced when the energy used to power electrolysis comes from renewable energy sources like wind, water or solar.
Greenhouse gas emissions (GHG)	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 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 via 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.
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.
Long duration energy storage (LDES)	LDES encompasses a range of technologies that can store electrical energy in various forms for prolonged periods, at competitive cost and at scale. These technologies can then discharge electrical energy when needed – over hours, days or seasons – to fulfill long-duration system flexibility needs to shift the increasing, variable, renewable energy supply to match demand.

Glossary

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.
Nitrogen Oxides (NOx)	A mixture of nitric oxide (NO) and nitrogen dioxide (N_2O), which forms during fossil fuel burning processes.
North West Interconnected System (NWIS)	One of three major electricity networks in Western Australia, the NWIS comprises interconnected electricity generation, transmission and distribution assets in the Pilbara region.
Notifiable public safety incidents	A network operator must notify the Director of Building and Energy, and the Department of Mines, Industry, Regulation and Safety of any incident or event that is caused, or significantly contributed to, by electricity and that results in serious injury or serious damage.
P	
Particulate matter (PM)	Extremely small solid particles and liquid droplets suspended in air. PM10 particles are those with a diameter of 10 micrometres or less, while PM2.5 are those with a diameter of 2.5 micrometres or less.
Photovoltaic (PV)	The conversion of light into electricity using solar panels.
Pilbara Networks 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.
Prosumer	A consumer of energy who also produces energy, a shift made possible from the rise of connected technologies and steady increase of more renewable power like solar and wind onto electricity grids. When a prosumer's energy production exceeds their requirements, they may sell, store or trade their surplus energy.
R	
Reconciliation Action Plan (RAP)	A strategic document that supports an organisation's business plan, including practical applications that will drive a business's contribution to reconciliation, both internally and in the communities in which it operates.
Renewable energy	Forms 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.
Retailed emissions	Horizon Power uses the term 'retailed emissions' to include emissions associated with our own generation and supporting activities, as well as those which relate to the purchase of wholesale electricity supplied by independent power producers (IPPs) for re-sale by us to our customers.
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.
Scope 3 emissions	Greenhouse gas emissions released to the atmosphere that occur in the value chain of the reporting company, including both upstream and downstream emissions which are not included in scope 2
System Average Interruption Duration Index (SAIDI)	Average total length of interruptions/outages in minutes per customer over a 12-month period.
System Average Interruption Frequency Index (SAIFI)	Average number of interruptions/outages per customer over a 12-month period.
Standalone power system (SPS)	An 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 Western Australia, the SWIS serves the Perth metro area and stretches from Geraldton to Albany, with a feeder to Kalgoorlie-Boulder. This network is managed by Western Power.
Sustainability	A dynamic process that guarantees the persistence of natural and human systems in an equitable manner.
Sulphur dioxide (SD)	A gaseous air pollutant composed of sulphur and oxygen which forms when sulphur-containing fuel such as diesel is burned.
T	
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, lightning, vehicle, water ingress or vandalism 2) occurs when the pole failed under forces that were less than its design specification.
Uniform tariff policy (UTF)	All retail electricity customers in Western Australia are charged the same UTF rate, even though the cost to supply differs by system and region.
Unit of energy	A unit of electrical energy, also referred to as one kilowatt hour (kWH).
United Nations Sustainable Development Goals (UNSDGs)	A set of 17 global goals adopted by United Nations member states in 2015 to address various social, economic, and environmental challenges and promote a more sustainable future.
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.
V	
Vehicle-to-grid (V2G)	Technology allows electric vehicles to return stored energy to the grid, enhancing energy distribution and grid stability.
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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