

Statement of Corporate Intent

2021/22

*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 and Perth, where our corporate office is based, and we honour and pay respect to the past, present and emerging Traditional Owners and Custodians of these lands.

We acknowledge the continuation of cultural, spiritual and educational practices of Aboriginal peoples across the nation and the ancestors of these lands who have walked this country and hold a unique place in our nation's historical, cultural and linguistic history.

Contents

1. Purpose of the document	3
2. Executive summary	4
3. Agency information	6
3.1 Current State	6
3.2 Objectives	9
3.3 Horizon Power's 2019-2024 Corporate Strategy	10
3.4 Horizon Power's response to COVID-19	12
4. Ministerial reporting	14
5. Key Performance Indicators	16
6. Finances	17
6.1 Approved Asset Investment Program	17
6.2 Accounting standards/policies	18
7. Payments to and from Government	18
7.1 Dividend policy	18
7.2 Community service obligations and operating subsidies	18
Appendix A - Ambition and Strategy	21
Appendix B - Key Performance Indicators	23



1. Purpose of the document

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

This document reflects the business intentions of the Regional Power Corporation, trading as Horizon Power, for the 2021/22 financial year.

The SCI is shaped by Horizon Power's 2019-2024 Corporate Strategy (Strategy), launched in September 2019, and reflects the business's ambition of delivering energy solutions for regional growth and vibrant communities in the most safe, efficient and reliable way, while enabling customers to have greater control over their energy needs.

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



2. Executive summary

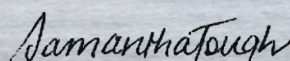
Our world is rapidly changing with the issue of climate change and an unprecedented global pandemic converging to cause social and economic disruption. As Australia's only vertically integrated electricity utility, Horizon Power is dedicated to serving as a safe and reliable provider of electricity, promoting regional growth and vibrant communities.

Despite the technical challenges presented by a shift toward distributed energy resources (DER) which are owned by customers or communities on our isolated energy systems and are more easily disrupted by renewable energy challenges, we are committed to delivering sustainable, innovative and affordable energy solutions to customers in Western Australia's regional and remote communities at the lowest sustainable cost. We are harnessing the latest renewable technologies to transition away from fossil fuels, providing increased choices to our customers and supplying more affordable electricity. We are also helping to transform the energy future, investing in capabilities with a purpose and strengthening our competitive advantage.

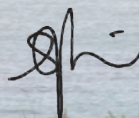
The Western Australian Climate Policy 2020 identifies opportunities for cleaner industries reliant on electrification and the pivotal role the electricity industry plays in the decarbonisation of the future economy. We fully support the State Government's ambitions to transition to net zero emissions by 2050 and are excited about the role we play in bringing a new era of clean energy to Western Australians.

We are responsible for the largest geographical catchment of any Australian energy provider with our service area spanning 2.3 million square kilometres delivering power to approximately 110,000 residents and businesses. Horizon Power manages 38 systems which include 34 microgrids tailored to meet the unique needs of some of the most isolated and remote communities in the world, the North West Interconnected System (NWIS) in the Pilbara and three interconnected systems in Kununurra, Wyndham and Lake Argyle.

We focus on connecting deeply with our regional communities through an on-the-ground presence. We aim to ensure our staff are kept safe and have a strong sense of wellbeing while engaging with the communities we serve; fostering a culture which inspires and unites people, while demonstrating a commitment to Aboriginal people.



Samantha Tough
Chair of the Board



Stephanie Unwin
Chief Executive Officer



3. Agency information

3.1 Current State

Horizon Power is Australia's only vertically integrated energy provider and is committed to delivering sustainable, innovative and affordable energy solutions to customers in Western Australia's remote and regional communities. Horizon Power has six service depots spread across regional WA which are supported by an administration centre in Perth. The business employs approximately 470 people with diverse backgrounds and experiences who each contribute to the delivery of safe and reliable electricity and the ongoing success of the business.

Horizon Power is a State Government owned Government Trading Enterprise (GTE) which operates under the *Electricity Corporations Act 2005 (WA)* and is governed by a Board of Directors accountable to the Minister for Energy, the Hon. Bill Johnston MLA.

Horizon Power's external environment is framed by a global emphasis on the impact of climate change and decarbonisation. More locally, the business is challenged by an industry that is undergoing transformational change. Traditional utility business models operating in a regulated environment are placed at financial risk if they do not respond to the development of innovative, new technologies and adopt new ways of working.

Horizon Power understands that being sustainable is not just about renewable energy but also about looking to create and maintain a low-cost, efficient business serving diverse demographic groups and a wide range of geographic terrains in our service area. The business's financial position is secured by a significant subsidy provided through the Tariff Equalisation Contribution (TEC), which for the 2021/22 financial year is \$187 million; however, Horizon Power is implementing initiatives to reduce the TEC by exploring other revenue opportunities, with a focus on the Pilbara and Kimberley regions, and lowering costs through large-scale renewables opportunities and digitisation of operations.

Horizon Power continues to develop technical solutions in response to customers' desire for rooftop solar to reduce electricity bills which will help maintain a steady electricity supply in areas where supply can be easily disrupted. Removing the barriers which inhibit customers' ability to install rooftop solar and battery storage allows them to reduce costs and consequently their carbon footprint. Horizon Power is also exploring opportunities to provide access to renewables for those who may not have the upfront capital or appropriate roof space to install their own solar and/or storage solution.

The company's Esperance Power Project (EPP) is one example of the increasing renewable power generation capability across its network. Horizon Power is significantly lowering the town's carbon footprint via the installation of two new state-of-the-art wind turbines in the EPP renewables hub. The new wind turbines will produce 60% more wind power than the combined output of Esperance's existing wind farms and will help reduce emissions by approximately 50% across the region.

Horizon Power recognises Australia's future is reliant on the development and adoption of cleaner, greener energy sources to combat climate change. WA has access to a range of renewable resources and Horizon Power is making significant investments in developing its renewable energy capability, incorporating rooftop solar and battery orchestration and expertise. The business is undertaking leading technical trials and pilots which explore new and innovative ways of providing customers with more sustainable, affordable power and tailored energy solutions.

Horizon Power is a trusted business with a good reputation in remote and regional WA, known for its dependable service and friendly and helpful staff. The business's ability to provide reliable energy in remote locations while contending with difficult environmental and weather conditions does not go unnoticed by the customers it serves.

Figure 1: Horizon Power's service area



3.2 Objectives

Horizon Power's primary objective is to continue to improve the reliability of electricity supplies while ensuring the safety of the public, its customers and employees. While the value and benefit Horizon Power provides to its communities has always been recognised, this commitment is reinforced and strengthened in its Corporate Strategy with a customer-focused vision of delivering energy solutions for regional growth and vibrant communities.

In achieving its ambition, Horizon Power understands a customer-centric organisation will lead to better outcomes for customers, the State and the business. The business empowers its customers to proactively manage their bills through the development of user-friendly products and services. It also remains committed to supporting customers in their desire to lower their energy costs and is working to ensure every customer who wants to install renewable energy can do so in the future. Providing a range of hardship accommodation measures is a standard tenet of 'business as usual' at Horizon Power; as such, the business will maintain and build on its support of customers who may be vulnerable to hardship.

Horizon Power is committed to acting commercially and achieving value for money. The business actively pursues a reduction in TEC support on each system in its regions through the development of a diverse range of DER solutions as the building blocks of low-cost, highly-distributed electricity systems. Acknowledging that widespread adoption of solar and energy storage poses a risk to revenue, the business is undertaking trials and investment in new technology to engage higher levels of DER.

Horizon Power's focus in FY 2021/22 is on a set of strategic initiatives and measurable objectives to leverage the opportunities created in a fast-changing environment while managing the impact of the ongoing COVID pandemic.

3.3 Horizon Power's 2019-2024 Corporate Strategy

Horizon Power's Corporate Strategy (Appendix A) reflects our future aspirations while remaining true to the heart of the business. The Strategy provides a roadmap to guide Horizon Power's commitment to improve the reliability of electricity supplies, ensuring the safety of the public remains a non-negotiable. Its development follows extensive consultation with employees across the organisation, its Board and Minister for Energy, and provides clear direction, accountabilities and responsibilities throughout the business to ensure effective delivery.

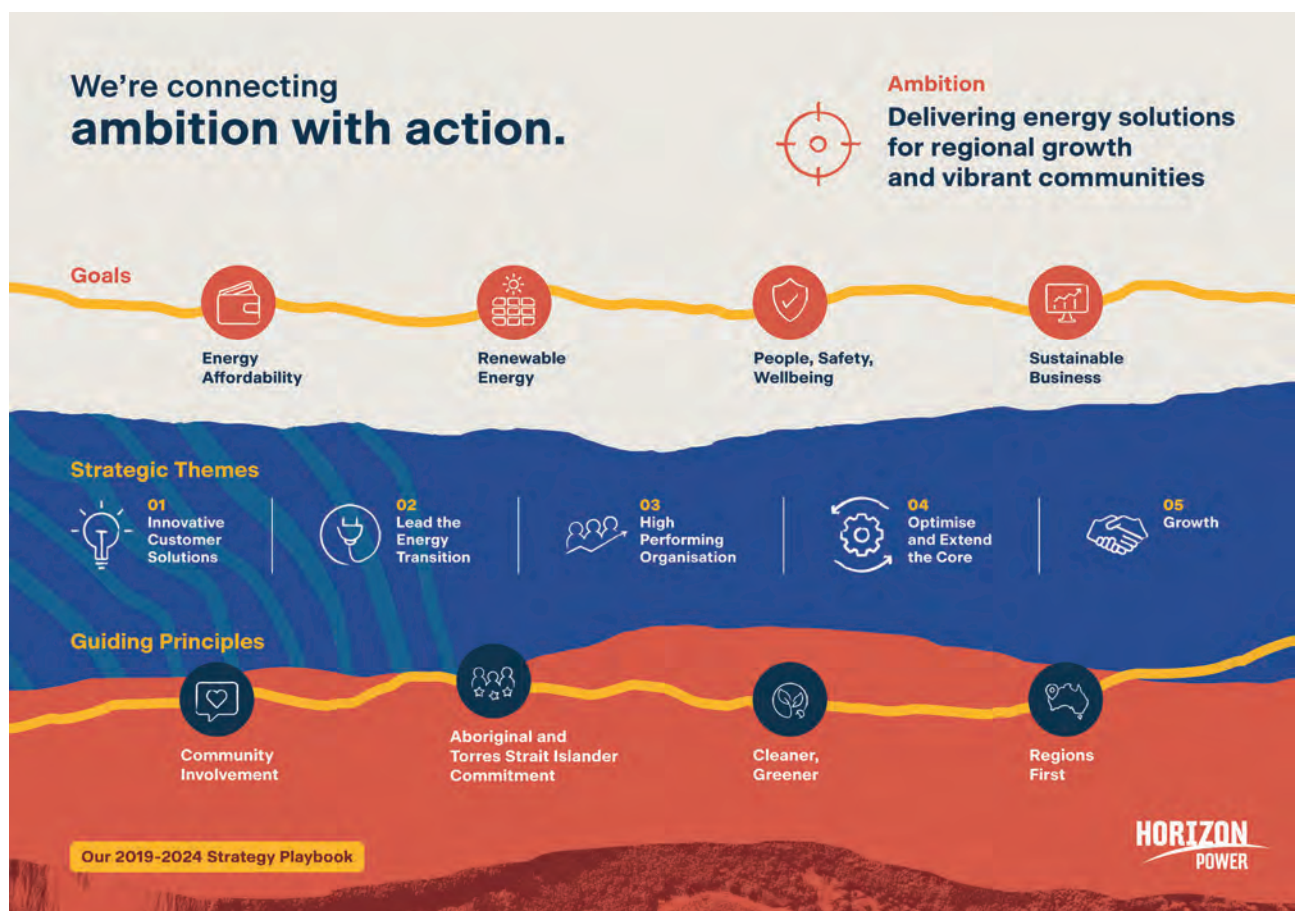


Figure 2: Horizon Power's Strategy Playbook

Our Corporate Strategy ensures the business remains focused on its ambition of delivering energy solutions for regional growth and vibrant communities. In working toward this ambition, the business is also focused on continuing to provide safe and reliable power to customers in the most efficient way possible, while enabling customers to connect and contribute to the development of their future energy solutions. The successful execution of the Strategic Goals will serve as a platform for Horizon Power to deliver on its ambition through meeting the following Key Performance Indicators (KPIs):

Energy affordability

Deliver solutions to customers which support them in reducing their total energy bills, with a target of a 10% reduction within the next five years.

Renewable energy

Horizon Power's aim is to develop energy solutions which incorporate renewable assets including zero new diesel from 2025 and 100% of its systems including grid-based renewables by 2030.

People, safety and wellbeing

Future-proofing our employees with the skills required to meet the rapidly-changing energy sector is critically important. Equally, establishing an inspired workplace culture which will attract and retain the best talent is essential.

Horizon Power is proud to have a strong safety culture. It has expanded its core safety values to include a comprehensive wellbeing program to recognise the importance of the "whole of employee" and created a three-year Connected Safety, Health and Wellbeing Strategy using human-centred design principles, data-led insights and research into mega-trends to uphold our leading approach to safety, health and wellbeing.

Sustainable business

Horizon Power is committed to reducing TEC by:

- Reviewing power purchase agreements;
- Improving utilisation of assets;
- Continuously exploring and reviewing options to participate in new transmission infrastructure to create future opportunities for large, enterprise loads whilst encouraging decarbonisation.

3.4 Horizon Power's response to COVID-19

The impact of COVID-19 has been far-reaching and has significantly impacted our customers, resulting in us making changes to the way we work to ensure our customers are well supported throughout these challenging times. Horizon Power's response to COVID-19 challenged existing operational processes and changed the way we engaged with employees and customers. The business implemented measures to ensure employee safety, and continuity of operations and service delivery across the regions was reinvigorated and responsive to changes in circumstances. To assist our customers and communities during this unprecedented time, Horizon Power undertook the application of Government support packages, delivering more than \$40 million in relief payments and additional support measures over the past year. The business implemented its Renew the Regions program, which brought forward the delivery of sustainable energy projects across its service areas. The works program effectively doubles the business's annual capital expenditure, and every dollar spent creates new jobs, upskills existing workforces and builds opportunities for local businesses.

Through its Keeping Connected campaign, Horizon Power supported local communities and vulnerable people as the State recovers from the economic effects of COVID-19. The business delivered stimulus support to customers in its service areas through the application of the Small Business and Charity Tariff Offset (Offset Payment), Household Electricity Credit (HEC) and additional, one-off Energy Assistance Payment (EAP).

Horizon Power continues to deliver a range of customer hardship measures, working closely with customers experiencing hardship due to the economic effects of the pandemic to assist in the transition away from COVID-19 support measures.

3.4.1 Renew the Regions

In the height of the COVID-19 pandemic, the State Government delivered its Western Australia Recovery Plan, a world leading \$5.5 billion response to restore the WA economy and industry, support communities and build new infrastructure resulting in both job creation and upskilling of existing workforces.

Horizon Power is supporting the State's regional economic recovery with an investment of \$78.4 million in the Budget Paper 2 in major renewable energy infrastructure projects through its Renew the Regions program. This program of works includes the State Government's WA Recovery Plan investment of \$57.4 million, enabling Horizon Power to expedite the delivery of 18 sustainable energy projects located across more than 110 different sites throughout the Kimberley, Pilbara, Gascoyne/Mid West and Goldfields/Esperance regions, using local suppliers whenever possible.

4. Ministerial reporting

As a Government Trading Enterprise, Horizon Power has a key role to play in contributing to the State Government engagement requirements, priorities and relevant policies. To enable the Minister for Energy to meet Parliamentary obligations, the business is committed to early engagement and keeping the Minister proactively informed of major initiatives, significant transitions and matters of strategic importance to the State through regular reporting and the provision of timely and accurate responses to information requests.

Horizon Power adheres to statutory reporting requirements and further recognises the need to observe information requests detailed in the Premier's Circulars and fulfilling the Economic Regulation Authority's regulatory reporting obligations. Where possible and as appropriate, Horizon Power should align with GTEs for consistency and with industry on new technology trials to improve customer outcomes.

The business is committed to applying the Government's new governance framework to strengthen its connection with all areas of Government and create and present new opportunities to Government.

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

Quarterly Report

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

Annual Report

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

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

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

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

5. Key Performance Indicators

Horizon Power has selected a set of KPIs to measure its success in achieving its objectives, as detailed in Appendix B. Underpinned by good, prompt customer service as cited in customer surveys, Horizon Power's customer satisfaction levels are strong. Our proactive and empathetic approach to debt relief and customer care resulted in a Net Promoter Score of 59 at the end of the 2020/21 financial year, a record for Horizon Power.

Related to the improvement in customer satisfaction is Horizon Power's improvement in system reliability and system security – as measured by the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). Horizon Power's SAIFI of 2.0 is well below the target of 6.6, along with SAIDI performance of 115 minutes, relative to the annual target of 290 minutes. Horizon Power's target for the number of compliant systems is 33 out of 38 systems, with the year-to-date currently at 36 due to outage durations experienced in several small systems.

Horizon Power continues to refine its focus on the areas of the networks that have lower levels of reliability to continue to improve performance and provide a more granular view of performance.

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

6. Finances

6.1 Approved Asset Investment Program

Horizon Power's State Government-approved Asset Investment Program for the next four financial years is forecast at \$297.1 million; key major projects are shown in the table below.

Table 1: Government-approved major projects

Major Projects (\$m)	2020/21 (\$m)	2021/22 (\$m)	2022/23 (\$m)	2023/24 (\$m)	2024/25 (\$m)
Asset Investment Plan	42.7	44.9	38.4	42.1	42.5
Customer Funded Works	3.1	9.2	3.7	3.7	3.7
Remote Communities Photovoltaics	2.0	8.8	0.0	0.0	0.0
Onslow Power Infrastructure Project - Power Station Upgrade	7.8	4.4	0.0	0.0	0.0
Karratha to Dampier Transmission Line Upgrade	14.6	2.3	0.0	0.0	0.0
Midwest Pipeline Connection to New Customer	0.0	0.3	0.0	0.0	0.0
Distributed Energy Buy-back Scheme Infrastructure Upgrade	0.0	0.6	0.0	0.0	0.0
Feasibility Studies for the Regularisation of 13 Ngaanyatjarra Lands Aboriginal Communities	0.0	0.7	0.0	0.0	0.0
COVID-19 Hardship Response Infrastructure Upgrades	0.2	0.5	0.0	0.0	0.0
Electric Vehicle Project	0.0	5.3	5.3	0.0	0.0
Kununurra Cotton Gin Electricity Infrastructure	0.0	3.5	0.0	0.0	0.0
WA Microgrids	0.0	13.5	0.0	0.0	0.0
Refurbishment of Denham Power Station	4.0	7.8	0.0	0.0	0.0
Derby Port	0.0	0.5	0.7	0.0	0.0
COVID-19 WA Recovery Plan	20.9	49.6	5.1	0.0	0.0
Total	95.3	151.9	53.2	45.8	46.2

6.2 Accounting standards/policies

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

7. Payments to and from Government

Horizon Power's payments to Government include:

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

7.1 Dividend policy

Horizon Power complies with the Government's Dividend Payout Ratio as determined by Government or any other dividend amount which may be determined.

7.2 Community service obligations and operating subsidies

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

Horizon Power receives payments or subsidies from the Government for a number of community service obligations, including the following (and shown in the following Table 2):

- Air Conditioning Allowance – provided to eligible customers to assist with the costs of air conditioning from August to May, depending on the location of the town.
- Dependent Child Rebate – supports customers who receive concessions with the increased energy cost of raising children.

- Energy Assistance Payment (EAP) – assists concession card holders in paying their electricity bills.
- Feed-in Tariff (FIT)¹ – provided to early adopters of solar for the operating cost of the FIT scheme.
- Tariff Adjustment Payment (TAP) – the difference between the cost-reflective price of electricity in the SWIS and the uniform tariff paid by customers which are set by the State Government.
- Tariff Migration – the residential tariff (A2) subsidy compensates Horizon Power for the difference between the residential and business tariff, as the former is paid by caravan parks. Both the residential and business tariff are set by the State Government.
- Remote Essential Services Operating Subsidy – a one-off subsidy of \$2.2 million in FY 2019/20 and an ongoing operating subsidy of \$770,000 per annum from FY 2020/21 onwards for costs associated with the power consumed in the provision of water and wastewater services in remote communities and town-based reserves.
- EAP Boost payment – an additional upfront \$305.25 EAP to more than 7,000 eligible residential customers.
- Offset Payment – \$2,500 payment to more than 5,000 small business and charity customers to ease financial distress and assist with electricity costs.
- Horizon Power applied a further \$500 Offset Payment for all small business and charity customers affected by the February 2021 lockdown.
- Household Electricity Credit – an additional operating subsidy to meet the cost of applying a one-off \$600 household electricity offset to 39,500 residential electricity customers.
- COVID-19 Hardship Response – Horizon Power will employ two new case managers to provide one-to-one support for customers in hardship. The new case managers are expected to serve 124 customers.
- EV Fast Charging Infrastructure Maintenance - The State Electric Vehicle Strategy is a key element of the Western Australian Climate Policy that commits to delivering a cleaner, more sustainable environment through the increased uptake of low and zero emission vehicles. The strategy will facilitate the creation of Australia's longest, and one of the world's longest, EV charging infrastructure networks - from Perth to Kununurra in the north, Esperance in the south and Kalgoorlie in the east. Western Australians and visitors will be able to access fast charging stations along major travel routes in the regions, town and city centres, and tourism sites. Horizon Power will Operate the Infrastructure over the forward estimates. An Operating subsidy will be provided to Horizon Power for the Maintenance element.

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

Table 2: Horizon Power's Community Service Obligations

Operating Subsidy	2020/21 (\$m)	2021/22 (\$m)	2022/23 (\$m)	2023/24 (\$m)	2024/25 (\$m)
\$600 Household Electricity Credit	23.7	0.0	0.0	0.0	0.0
WA Government Energy Assistance Payment Boost	0.5	0.0	0.0	0.0	0.0
\$2,500 Small Business and Charity Tariff Offset	0.6	0.0	0.0	0.0	0.0
\$500 Small Business and Charity Tariff Offset	2.9	0.0	0.0	0.0	0.0
Solar and Energy Storage for Derby Hospital	3.7	0.0	0.0	0.0	0.0
Aboriginal and Remote Communities Project	2.1	0.0	0.0	0.0	0.0
Air Conditioning Allowance	1.2	1.2	1.2	1.2	1.2
Dependent Child Rebate	1.0	1.0	1.0	1.0	1.0
Energy Assistance Payment	2.1	2.1	2.1	2.1	2.2
Tariff Adjustment Payment	7.3	2.7	2.6	3.9	5.1
Tariff Migration - Caravan Park subsidy	0.1	0.1	0.1	0.1	0.1
Remote Essential Services Operating Subsidy	0.8	0.8	0.8	0.8	0.8
Hardship Utility Grant Scheme	0.2	0.2	0.2	0.2	0.2
Hardship Response	1.1	0.4	0.4	0.4	0.4
Electric Vehicles Fast Charging Infrastructure	0.0	0.0	0.1	0.1	0.1
Total:	47.3	8.5	8.5	9.8	11.1

Appendix A: Ambition and Strategy

Horizon Power's Strategy has a bold ambition of 'delivering energy solutions for regional growth and vibrant communities'.

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

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

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

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

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

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

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

Appendix B: Key Performance Indicators

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

Table 3: Horizon Power's Key Performance Indicators and targets

Critical Business Outcomes	Actual	Targets			
	2020/21	2021/22	2022/23	2023/24	2024/25
Safety – Minimise the risk of harm					
Lost Time Injury Frequency Rate	0.0	0.0	0.0	0.0	0.0
Total Number of Notifiable Incidents*	14	N/A	N/A	N/A	N/A
Unassisted Pole Failure rate	0.65	1.6	1.6	1.6	1.6
Value – Maximise long-term value					
Cost to Supply Unit Cost (cents/kWh)	37.4	38.7	38.4	39.6	41.6
Return on Assets (%)	4.5%	3.3%	3.3%	3.2%	3.1%
NPAT (\$m)	17.0	6.9	10.5	12.3	13.8
Community – Be a high performing business					
Customer Satisfaction (%)	77%**	70%	70%	70%	70%
Number of compliant systems (out of 38)	36	33	33	33	33
System Average Interruption Duration Index – SAIDI (Minutes)	115	290	290	290	290
System Average Interruption Frequency Index – SAIFI	1.8	6.6	6.6	6.6	6.6
Major Project Completion within +/- 5% of approved budget (%)	100	100	100	100	100

*Horizon Power does not have a target for this performance indicator but we do monitor it and track trends in this area.

** Based on January 2021 micro survey of customer sentiment. Annual customer satisfaction reported at 84% in latest annual survey with more extensive data sample size September 2020.

Table 4: Horizon Power KPI definitions and metrics

Term	Definition	Formula	Unit
Lost Time Injury Frequency Rate (LTIFR)	Lost Time Injury Frequency Rate is a formula to provide the number of lost time injuries to be sustained, per one million hours worked, over a given 12-month period.	The sum of LTI incidents sustained over the given 12-month period, divided by the sum of exposure hours worked over the 12-month period, multiplied by one million.	#
Notifiable Public Safety Incidents	A network operator must notify the Director of Building and Energy, the Department of Mines, Industry, Regulation and Safety of any incident or event that is caused, or significantly contributed to by electricity and that results in serious injury or serious damage.	Serious damage means damage to private property > \$5,000 in total or damage to a facility or property caused by a fire or explosion or the value of the damage is > \$50,000 in total.	#
Unassisted Pole Failure	An unassisted pole failure: <ol style="list-style-type: none"> 1. Is not caused by customer installation, lightning, vehicle, water ingress or vandalism; 2. Occurs when the pole failed under forces that were less than its design specification. 	Number of pole failures divided by 10,000 over a 3-year rolling average.	#
Cost to Supply Unit Cost	All cost associated with Horizon Power's customers divided by kilowatt hours sent out.	Includes costs to provide energy to customers, but specifically excludes business development, finance lease adjustments and interest expenses.	¢ / kWh
Return on Assets	Return to investors for every dollar of assets under the company's control.	Earnings before interest and tax (EBIT) divided by total assets.	%

Term	Definition	Formula	Unit
NPAT	Net Profit After Tax	Does not exclude operating subsidies including Government subsidies and subsidy from the Tariff Equalisation Contribution collected from SWIS customers. EBIT minus finance charges, non-cash movements and tax.	\$M
Customer Survey Rating	Customer satisfaction is measured by an annual survey, undertaken by an external agency, amalgamating customer perceptions of reliability, service quality and product offering.	Average measurement of survey response on a scale of 1 to 7 (very poor, poor, somewhat poor, neither good nor poor, somewhat good, good and very good). Horizon Power's KPI for customer satisfaction is a combination of all positive responses, i.e., % somewhat good + % good + % very good. Over the last five years, overall customer satisfaction (across residents, businesses and stakeholders) has ranged between 77% and 83%. Based on recent performance trends, customer satisfaction scores of 80-85% are classified as high-performance, and a score of over 85% would be aspirational.	%
Major project completion within approved budget	Percentage of Government-approved projects that have been completed within the approved State budget.	Percentage of Government-approved projects that have been completed within the approved State budget.	%

