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2009 - MARCH YEAR TO DATE REPORT ON PERFORMANCE

GENERAL RELEASE

This report has had matters deleted from it under section 109 of the Electricity Corporations Act 2005 (WA)

This performance report covers the 9-month period ending on 31 March 2009. For statistics prepared on a rolling 12-month basis, data prior to 1 July 2008 is used.

Business Results

Net loss after tax for the 9-month period was \$27.1M compared to MYR budgeted loss of \$31.6M.

Capital expenditure to date is \$48.0M with customer-driven projects comprising \$9.0M.

Total debt of \$207.3M contributed to a debt/equity ratio of 68:32.

Corporate Citizenship

The major highlight of the third quarter was the start of construction on the West Pilbara Power Station in Karratha. The power station will be constructed, owned and operated by Canadian power company, ATCO Power.

Horizon Power started a major stakeholder communication program to inform customers of the increase to uniform tariffs. The communications included brochures outlining the changes for customers, bill messaging, print advertising, website information and media interviews with regional radio stations.

Horizon Power has initiated a promotional campaign, Betterways, aimed at raising public awareness of energy efficiency measures.

Employee Safety

Horizon Power recorded zero Lost Time injuries and zero Medical Treatment injuries during the third quarter.

Stakeholder Service

Horizon Power recorded no negative Ministerials during the third quarter.

System Reliability

At the end of March, 24 of Horizon Power's current 34 reportable locations complied with reliability key performance indicators.

2009 - MARCH YEAR TO DATE REPORT ON PERFORMANCE

1.1 Balanced Scorecard

Monthly Performance Measures

Performance Measures	#	Status	FY 08/09 Target	Frequency	Year to Date Performance			Analysis/Action Items
					TARGET	ACTUAL	VAR	
Customer Value								
SAIDI Complying Town	1	RED	>28/34	Monthly	28	24	-4	(1) During March Broome power station's continued improved performance resulted in Broome becoming a complying system. Norseman, which was only just complying in February, became non-complying once more due to two short total outages.
Feeders Exceeding Utilisation Limits	2		<8	Yearly	<8	TBA		(2) For 2007/08 there were 9 feeders exceeding utilisation compared to a target of 8. Corrective action for these feeders is complete. It should be noted that these feeders are not exceeding their rated capacity on a continual basis. They run within capacity 99% of the time. Next measure in June 2009.
% Compliance Against Customer Charter	3	GREEN	>90%	Monthly	>90%	95%	5%	(3) Due to lack of all information being available on time from Synergy for reporting, from February 2009 onwards this performance measure will be behind by one month (ie. one months lag time. The actual result shown is up to February).
New Products Delivered to Market	4	GREEN	1	Yearly	1	2	1	(4) Betterways Program has been delivered. Commercial Contract has been deployed. Before launching Commercial REBS, to ensure that we are not in danger of breaching our license conditions, we need to provide recommendations to the ERA for them to endorse the Horizon Power position on our ability to reject REBS applications (where appropriate) on the grounds of technical (network) and contractual (IPP) limitations.
Community Value								
Notifiable Public Safety Incidents (number)	5	GREEN	<6	Monthly	1	0	1	(5) No Notifiable Public Safety Incidents reported in March 2009.
LTIFR (12-Month Moving Average)	6	RED	0.0	Monthly	0.0	3.5	-3.5	(6) No Lost Time Injuries recorded in March 2009.
AMIFR (12-Month Moving Average)	7	GREEN	<14.0	Monthly	<14.0	8.9	5.1	(7) No Medical Treatment Injuries recorded in March 2009.
Remote and Indigenous communities regularised	8	RED	11	Monthly	4	1	-3	(8) Progress on regularisation projects has been delayed due to delays in completion of respective funding agreements and project scoping. Notwithstanding these early delays current expectation is that the SDP target will be achieved by the end of June 2009. The community completed to date is Koongie Park out of Halls Creek under HMS.
Training Programs - Indigenous and Other Trainees (number)	9	GREEN	>16	Monthly	>16	19	3	(9) Three new Cert III trainees (2 at Esperance and 1 at Kununurra) commenced Stage 1 first week in Feb 09.
Combined Residential & Business Customer Survey Rating (%)	10	GREEN	83%	Yearly	83%	83%	0%	(10) Synovate Research Completed - results as shown.

2009 - MARCH YEAR TO DATE REPORT ON PERFORMANCE

1.1 Balanced Scorecard

Monthly Performance Measures

Operating Impacts								
Pollution Intensity (kg/MWh generated)	11	GREEN	20.7	Monthly	20.70	19.83	0.87	(11) The pollution intensity target is still being met.
Greenhouse Intensity (kg CO2/kWh sold)	12	AMBER	0.80	Yearly	0.80	0.84	-0.04	(12) The indicator is calculated annually from 2007/08 figures. The indicator includes generation, T&D losses, vehicle fleet and upstream emissions.
Fuel Conversion Efficiency (MJ/kWh)	13	AMBER	12.55	Yearly	12.55	12.72	-0.17	(13) The indicator is calculated annually from 2007/08 data.
Electricity Generation from Renewable Sources (GWh)	14	GREEN	82.0	Monthly	61.5	72.3	10.8	(14) Renewable Energy (RE) sources are at East Kimberley, Denham, Hopetoun, Coral Bay, Esperance, Exmouth and Carnarvon Solar Farm. HP is performing well above the monthly target.
Customer Impacts								
Green Product Delivered to Market	15	GREEN	1	Yearly	1	1	0	(15) GreenSelect has now been effectively launched across the Horizon Power customer footprint.
Surveyed Awareness	16	GREEN	65%	Yearly	65%	90%	25%	(16) Synovate Research Completed - results as shown (understanding of energy efficiency measures).
Business Value								
EBITDA (\$M) (Target is MYR budget)	17	GREEN	20.8	Monthly	10.9	15.1	4.2	(17) Please refer to section 2.1 for details.
Cumulative new sales margin (\$M)	18	RED	6.1	Monthly	4.5	2.0	-2.5	(18) The anticipated sales margin from new customer sales is \$4.5M for YTD Mar 09 (average of \$0.5M per month). The corresponding actual from Woodside Gap Ridge Accommodation Village is \$0.2M for Mar 09, with a YTD cumulation of \$2.0M.
NPV of Approved Investments (\$M)	19		75.0	Yearly	75.0	TBA		(19) Calculation will be performed after 2008/2009 financial year end.
Average revenue received (cents/kWh)	20	GREEN	26.9	Monthly	27.3	28.8	1.5	(20) Favourable normalised result is predominantly driven by unbudgeted fixed capacity charge to Gap Ridge.
Average unit cost (cents/kWh)	21	RED	27.7	Monthly	27.0	29.1	-2.1	(21) Unfavourable normalised result is mainly driven by the higher fixed cost per unit due to lower than budgeted sales volume.
Business Capability								
Corporate Reputation Index (%)	22	GREEN	73%	Yearly	73%	75%	2%	(22) Synovate Research Completed - results as shown.
Employee Opinion on Organisational Image - Employee Engagement	23	GREEN	62%	Yearly	62%	89%	27%	(23) Actual result was 2008 Pulse survey, to be reviewed in 2009 survey.
Employee Perception Survey Rating - Staff Satisfaction Index	24	GREEN	70%	Yearly	70%	79%	9%	(24) Actual result was 2008 Pulse survey, to be reviewed in 2009 survey.
Course Evaluation Rating	25	GREEN	>4.5	Monthly	>4.5	4.5	0.0	(25) Course evaluation results achieved targeted rate.

GREEN Monthly and YTD performance is on track.

AMBER Monthly and YTD performance slightly below target.

RED Monthly and YTD performance significantly below target.

2.1 Business Results -- Profit & Loss

	Year to Date
	ACT \$M
<i>INCOME</i>	
Sales of Electricity	100.7
TEF Revenue	54.0
Miscellaneous Revenue	13.6
CSO Revenue	17.4
Developer and Customer Contribution Revenue	6.6
TOTAL INCOME	192.3
<i>EXPENDITURE</i>	
Fuel and Electricity Purchases	
Gas	27.9
Fuel Oil	8.5
Fuel Hedging - Unrealised Loss/(Profit)	4.0
Electricity Purchases	101.3
Electricity - Finance Lease Adjustment	-28.3
Total Fuel and Electricity Purchases	113.4
Total Operating Labour and Materials	63.8
Total Depreciation and Others	22.6
TOTAL EXPENDITURE	199.8
EARNINGS BEFORE INTEREST & TAX	-7.5
Interest Expenses and Income Tax	19.6
PROFIT/(LOSS) AFTER TAX	-27.1

Year to Date Analysis

Horizon Power ended the period to March 2009 with a Net Loss of \$27.1M.

Factors influencing the results are:

- (1) Hedging loss due to unfavourable oil price movement.
- (2) The milder weather than anticipated and adverse economic conditions have negative impact to sales.
- (3) Miscellaneous revenue included the sales of gas which was offset by higher gas costs.

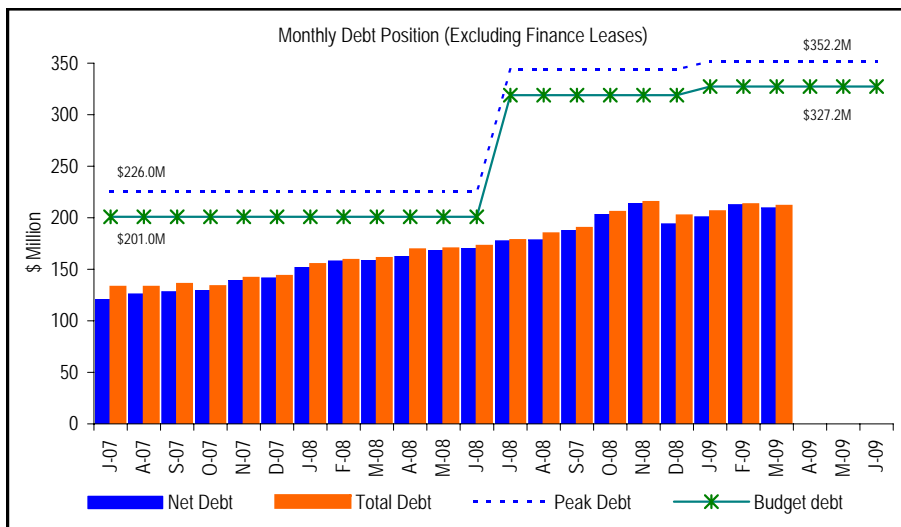
2.2 Business Results -- Balance Sheet

Balance Sheet

	Opening 1-Jul	31-Mar Closing	Movement
			VAR \$M
ASSETS			
Current Assets			
Cash Assets	2.3	1.8	-0.5
Receivables	32.8	24.9	-7.9
Inventories	7.5	8.7	1.2
Current Tax	0.0	0.0	0.0
Other	0.3	0.9	0.6
Total Current Assets	42.9	36.3	-6.6
Non-Current Assets			
Property, Plant & Equipment	314.0	338.4	24.4
Future Income Tax Benefit	115.3	127.0	11.7
Leased Assets	329.2	315.3	-13.9
Other	0.0	0.0	0.0
Total Non-Current Assets	758.5	780.7	22.2
TOTAL ASSETS	801.4	817.0	15.6
LIABILITIES			
Current Liabilities			
Payables	43.7	50.1	6.4
Tax Liabilities	-0.7	-1.0	-0.3
Interest Bearing Liabilities	53.1	49.5	-3.6
Leased Liabilities	8.7	8.7	0.0
Provisions	7.8	6.8	-1.0
Derivatives	0.0	4.1	4.1
Other	5.9	9.5	3.6
Total Current Liabilities	118.5	127.7	9.2
Non-Current Liabilities			
Payables	0.0	0.0	0.0
Interest Bearing Liabilities	119.5	157.8	38.3
Tax Liabilities	99.6	99.6	0.0
Provisions	11.1	12.8	1.7
Leased Liabilities	326.7	320.3	-6.4
Other	1.1	1.1	0.0
Total Non-Current Liabilities	558.0	591.6	33.6
TOTAL LIABILITIES	676.5	719.3	42.8
EQUITY			
Contributed Equity	130.1	130.1	0.0
Derivative Deferral - Interest Rate Swap	0.0	-0.1	-0.1
Retained Profits (Accumulated Loss)	-5.2	-32.3	-27.1
TOTAL EQUITY	124.9	97.7	-27.2

YTD Analysis - Balance Sheet

- (1) The decrease in Leased Assets by \$13.9M is accounted for by the YTD depreciation expenses. Leased Liabilities reduced by \$6.4M as a result of net interests and lease payments for the year.
- (2) Movement in cash assets and interest bearing liabilities reflect the application of funds for daily operations and capital works.
- (3) \$7.2M for EDL liquidated damages and \$7.0M for gas curtailment arrangement were accounted for in June 08 and subsequently received in July 08. These transactions contributed to a lower Receivables as at Mar 09 compared to June 08.
- (4) Receipt of March quarter CSO funding from Department of Treasury & Finance recorded as prepaid expenses contributed to the higher Payables in March 09.
- (5) No change noted for contributed equity.



2009 - MARCH YEAR TO DATE REPORT ON PERFORMANCE

3.1 Summary of Acronyms & References

Acronyms	Explanation
KPI Definitions in the SDP	
Achievement of Service Standards (%)	Achievement of customer service performance through measurement of the number of incidents of non-conformance with customer charter. Performance over 12 months expressed as a percentage.
AMIFR - All Medical Frequency Rate	The number of medicals (workers compensation claims) per one million hours worked. Reported as a 12 month average. Formula: Total # of Medicals / One Million Hours worked.
Average Revenue Received (c/kWh)	Total operating revenue from all sources / Total Sales (KWh)
Average Unit Cost (c/kWh)	Total operating expenditure (excluding interest) / Total Sales (KWh)
Combined Residential & Business Customer Survey Rating (%)	Customer satisfaction survey undertaken on annual basis by external agency.
Complying Towns/Systems (number)	Achievement of acceptable system reliability performance standards (as agreed or per the Reliability Code) for each township or integrated system. Number of complying towns or systems / total number of towns or systems.
Corporate Reputation Index (%)	Corporate reputation measured by an annual survey of regional customers and stakeholders. Result expressed as a percentage.
Course Evaluation Score	At the completion of each training course the attendees will rate its effectiveness. Overall satisfaction/evaluation score of all training programs delivered, as measured by attendees.
Customer Awareness Survey	Use the reputation measure "Encouraging customers to conserve electricity thereby helping to minimise the environmental impact of electricity generation" from the independent survey results. Proportion of customers with a positive view of Horizon Power's performance expressed as a percentage.
Electricity Generation from Renewable Sources (GWh)	Total number of MWh's produced from renewable sources.
Employee Perception Survey Rating	Employee survey undertaken by a respected external organisation to determine the proportion of staff that view employment with Horizon Power as an overall positive experience. Formula: Measurement of total survey performance expressed as a percentage.
Feeders Exceeding Utilisation Limits	Number of feeders which exceeded their designed utilisation level as specified in the Network Asset Management Plan.
Fuel Conversion Efficiency (MJ/KWh)	Efficiency of energy conversion from all sources used to meet electricity sales. Total energy consumed in fuel for generation divided by total sent out KWh.
Greenhouse Intensity (kg CO2-e/KWh sold)	Total number of Kilograms of CO2 equivalents produced, divided by the number of KWh's of electricity sold by Horizon Power.
Green Products to Market	The total number of new green energy products released to HP's customer groups over 12 months.
LTIFR - Lost Time Injury Frequency Rate	The number of lost time injuries per one million hours worked. Reported as a 12 month average. Formula: Lost Time Injuries / One Million Hours worked.
New customer sales (GWh)	Number of GWh's sold to new connections within the financial year.
Pollution Intensity (kg/MWh)	Total Kilograms of pollutants emitted divided by MWh's of electricity produced from Horizon Power plants that meet National Pollution Inventory criteria.
Products to Market	The total number of new energy products released to HP's customer groups over 12 months.
Profitability	Achieving and EBITDA performance in excess of the efficient running of the business.
Public Safety Incidents (number)	Number of incidents caused by Horizon Power asset or people failing to perform at an appropriate standard that resulted in, or had potential to result in, an injury to a member of the public.
Remote and indigenous communities (number)	Power supply regularisation to number of remote and indigenous communities per year.
Stakeholder Satisfaction Index (%)	Proportion of stakeholders with a positive view of Horizon Power's performance, expressed as a percentage.
Training Programs - Indigenous and Other Trainees (number)	Number of indigenous or local people in a Horizon Power training program.
General Definitions	
ARCPSP	Aboriginal and Remote Communities Power Supply Program
Average Selling Price c/kWh	Selling Price is an average of all selling prices. Formula: Total Sales (cents) / Total Sales Units in kWh.
CAIDI	Customer Average Interruption Duration Index
CES	Customer Extension Scheme
Debt to Equity (%)	$Debt / (Debt + Equity) * 100$
EBIT	Earnings before Interest and Tax. Formula: Total Income - Total Expenditure.
EBITDA (\$M)	Earnings before interest, taxation, depreciation and amortisation
Energy Sent Out	Number of energy (MWh) entering the transmission grid from a generation plant
ENMAC	Name of an application
ERA	Economic Regulation Authority of Western Australia
FACSA	Department of Families, Community Services and Indigenous Affairs
FTE	Full Time Equivalents
IPP	Independent Power Producer
Line Losses	The % of energy lost from transmission and distribution of electricity to the customer
Negative Ministerial (#)	A complaint or issue submitted via or by the Minister

3.1 Summary of Acronyms & References

Acronyms	Explanation
Net Debt Levels (\$M)	Borrowings - Cash
NMS	Network Management System
NWIS	North West Interconnected System
PPA	Power Purchaser Agreement
Return on Assets (ebilda/nca)	The return on assets employed by the business. Formula: EBITDA / Total Non Current Assets.
Return on Equity (%)	$((\text{Operating Result})/\text{Equity}) * 100$
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SCI	Statement of Corporate Intent
SDP	Strategic Development Plan
SLA	Service Level Agreements
TCS	Trouble Call System
TEF	Tariff Equalisation Fund
WK IPP	West Kimberley Power Project