


Connecting vibrant communities

Annual Report 2020/21

Derby Jetty 

*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.



Mowanjum Aboriginal Art & Culture Centre, Derby

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 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 Western Australia.

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 2021

**TO THE MINISTER FOR ENERGY
HON. BILL JOHNSTON MLA**

In accordance with the *Electricity Corporations Act 2005 (WA)* (the Act), I have pleasure in submitting for your information and presentation to Parliament, the 2020/21 Annual Report of the Regional Power Corporation, trading as Horizon Power.

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

Yours sincerely

Samantha Tough
Chair

7 September 2021





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Shark Lake Renewable Energy Project wind turbine blades, Port of Esperance

About us

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

As Australia's only vertically integrated electricity utility, we operate across the full energy supply chain: generation, transmission, distribution and retail services. We strive to ensure our customers receive safe and reliable power to their homes, businesses and communities at the lowest possible cost.

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 ground-breaking trials, with significant investment toward deployment and providing our customers with more sustainable, affordable power and tailored solutions for their energy future.

We are responsible for the largest geographical catchment of any Australian power provider – spanning 2.3 million square kilometres.

We focus on connecting deeply with our regional communities through an on-the-ground presence, fostering a culture which inspires and unites people, and demonstrating a commitment to Aboriginal people.

Horizon Power operates 38 systems delivering power to 51,951 customer connections servicing approximately 110,000 residents and businesses.

Our service area includes the North West Interconnected System (NWIS) in the Pilbara; the connected network covering three interconnected systems in Kununurra, Wyndham and Lake Argyle; and 34 microgrids tailored to meet the unique needs of some of the most isolated and remote communities in the world.

Horizon Power is a State Government owned Government Trading Enterprise 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.

Esperance coast



Horizon Power facts



46,880

customer accounts
36,256 residential,
9,276 business and
1,348 pre-payment meter



56,081

distribution poles
733 transmission poles
and **871** transmission
towers in service



51,951

customer connection
points to network



6

regional service depots
and one corporate services
office in Perth



464

employees



8,356

kilometres of overhead and
underground transmission
and distribution lines



3

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



1,341 kW

of residential solar photovoltaic
(PV) – 261 houses with rooftop
solar installed connected to
Distributed Energy Resources
Management Systems (DERMS)



0.56 kg

CO₂-e / kWh
carbon emissions



16.1 GWh

of renewable energy purchased
from our customers



1,040.61 GWh

electricity delivered
a year



Horizon Power key projects



Carnarvon Distributed Energy Resources (DER) Trials

Details: Research into the management of renewable energy generation and energy storage

Customer benefits: Increase rooftop solar capacity



Carnarvon Energy Storage Trials

Details: Expand knowledge of battery storage to increase hosting capacity

Customer benefits: More renewables may be connected to the grid without impacting supply



Electric Vehicle (EV) Pilot

Details: Understanding charging behaviour and impact of EVs on the network

Customer benefits: Preparing regions for the transition to EVs



Esperance Power Project

Details: A new integrated power solution for Esperance

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



MyPower Opt in Extend

Details: Research into a new way of charging for electricity supported by an app to monitor energy use

Customer benefits: Payment plans allowing customers to manage their own energy usage and bills



Onslow DER

Details: Connect traditional energy sources with distributed solar and battery solutions, to maximise the amount of renewable energy

Customer benefits: Additional rooftop capacity and more efficient and affordable energy supply



Distributed Energy Resources Management System (DERMS)

Details: Intelligent software system to allow us to manage the assets connected to our networks in a coordinated way

Customer benefits: Reliable and safe connection of additional renewable energy resources



Remote Communities Centralised Solar

Details: Solar farm construction project in remote Kimberley Aboriginal communities

Customer benefits: Reduce power bills, more reliable energy supply, reduction in carbon emissions and cost to supply remote towns



Smart Sun Pilot

Details: A package comprising rooftop solar, battery storage and energy management system creating a virtual power plant (VPP) for homeowners

Customer benefits: Delivering savings on energy bills and increasing rooftop solar capacity



Solar Incentives Scheme

Details: Subsidised installation of solar panels and inverters on community buildings

Customer benefits: Renewable energy solutions that reduce the cost of energy for the community



Standalone Power Systems (SPS)

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

Customer benefits: Safe and reliable power utilising renewable energy solutions



North West Interconnected System (NWIS) Reform

Details: Horizon Power is working with government, market participants and regulation experts to support implementation of the new regulatory framework for NWIS

Customer benefits: Potential economic benefits for government and customers



Dampier to Karratha 132 kV Line Upgrade (Red Dog)

Details: Upgrade transmission line and secure the future of power supplies to the Pilbara region

Customer benefits: Supply electricity for the Pilbara which represents 40% of Western Australia's annual Gross State Product (GSP)



Energy affordability



Renewable energy



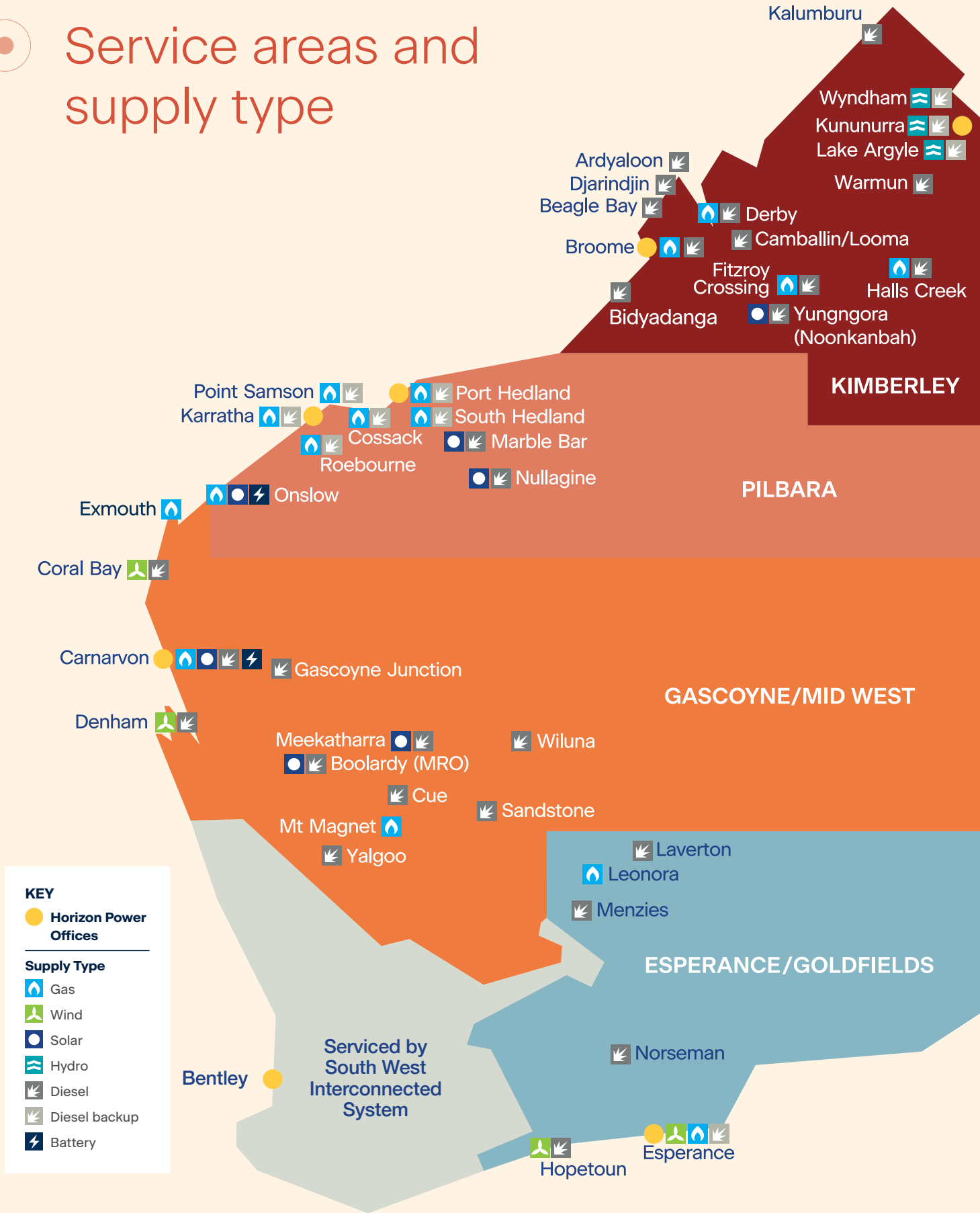
Sustainable business



People, safety and wellbeing



Service areas and supply type





Our future

Our 2019-2024 Corporate Strategy provides a roadmap to guide our commitment to support the communities in which we live and work, to grow and thrive in a transformational time for the energy sector.



Denham



Our Corporate Strategy reflects our future aspirations, as well as being true to the heart of our business.

It provides us with the opportunity to consider how we can work together to deliver great things for our people, our customers, our communities and the state of WA.

Our ambition for delivering energy solutions for regional growth and vibrant communities is delivered by achieving set goals in four key areas:

- Energy affordability
- Renewable energy
- People, safety, wellbeing
- Sustainable business.

We developed a series of initiatives grouped together under five Strategic Themes that focus the business on achieving our ambition. To succeed, we will invest in leading technologies to elevate our people, systems and processes to drive peak performance and highly motivated employees. We will deliver this with an emphasis on community involvement, wellbeing and a better shared environment.

The desire for renewable energy options from our regional customers is increasing, and we are leading the way with solutions that enable us to deliver significantly higher levels of renewable energy participation. By removing the barriers which inhibit our customers' ability to install solar and batteries, we provide an opportunity for them to reduce their costs and their carbon footprint.

We aim to develop energy solutions which do not require fossil fuels, and to incorporate renewable assets into each of our 38 systems.

Our Corporate Strategy is aligned with the expectations of our customers and the communities we serve and the motivations of the people who comprise our workforce.

This provides us with a clear vision of how we can work together, incorporating innovative energy solutions that deliver great things for our customers, our people and for Western Australia's renewable and distributed energy future.



We're connecting ambition with action

Our 2019 - 2024 Strategy Playbook

Goals



Energy Affordability



Renewable Energy

Strategic Themes



01
Innovative
Customer
Solutions



02
Lead the
Energy
Transition



Guiding Principles



Community Involvement



**Aboriginal and
Torres Strait Islander
Commitment**



Ambition

Delivering energy solutions for regional growth and vibrant communities.



**People, Safety,
Wellbeing**



**Sustainable
Business**

**03
High
Performing
Organisation**



**04
Optimise
and Extend
the Core**



**05
Growth**



**Cleaner,
Greener**



**Regions
First**

● 2020/21 highlights



● Broome

Awarded

contracts totalling

\$2,199,946

through Aboriginal
Procurement Policy



Opened

our newly developed,
full-service

Customer Experience Centre

Nila Janyba, in Broome



Played an important role
in the Western Australian
Government's regional
economic recovery program,
with approximately

\$75 million

being spent across

18 energy projects

in regional WA



**Awarded
\$1.1 million**

to organisations across
WA through Community
Partnership program

Safety performance

Lost Time Illness/Injury
Frequency Rate = 0.0

Lost Time Illness/Injury
Severity Rate = 0.0

Total Recordable Illness/Injury
Frequency Rate = 0.0



\$1.9 billion

in assets



\$539 million

in revenue



Work commenced on the
**Denham Hydrogen
Demonstration Plant**



More than
\$40 million

provided to
Horizon Power customers in
COVID-related relief payments
and support measures

Completed world-first demonstration

DERMS with
successful powering of
Onslow microgrid with
100% renewable energy



Recorded

77% rating

in annual customer
satisfaction survey



Incorporated Boundary Power,

a joint venture between
Horizon Power and Ampcontrol,
created to design, build, operate
and commercialise SPS



First stage of

Shark Lake Renewable Energy Project commenced

with arrival of wind turbines into
the Port of Esperance; the power
project will also include a battery
energy storage system (BESS)
and a central solar farm



● Horizon Power 15-year timeline

Earlier this year, we celebrated 15 years as Horizon Power, Australia's only vertically integrated electricity utility. The following pages provide a brief snapshot of the key milestones that made us who we are today – an organisation powered by an engaged, local workforce and committed to delivering energy solutions for regional growth and vibrant communities.



Blowholes, Gascoyne coast



Milestones that made us who we are today

2006

1 April
Horizon Power is established following WA State Government's disaggregation of Western Power into four separate entities.

August
Signed a 10-year Power Purchase Agreement (PPA) with Energy Generation Pty Ltd (enGen) to build, own and operate five power stations in remote communities.

2007

April
Warmun Power Station commissioned and officially opened. First of five power system upgrades through the Aboriginal and Remote Communities Power Supply Project (ARCPSP).

2008

June
Launched inaugural Reconciliation Action Plan (RAP) to coincide with National Reconciliation Week and based on three main objectives: relationships, respect and opportunities.

Horizon Power relocated Perth and Kewdale staff to new offices in Bentley Technology Park.

2009

FY 2008/09
Awarded \$130 million network hardening/undergrounding project in the Pilbara.



2010

March

New Karratha Power Station officially opened by Minister for Energy, Hon. Peter Collier MLC.

May

Marble Bar gets power from Horizon Power's state-of-the-art 'Pippunyah' Power Station, incorporating largest tracking solar PV array in Australia.

October

Installation work began in Karratha for Pilbara Underground Power Project, designed to protect electricity supply from cyclones.

2011

December

Received \$15.5 million in funding from Royalties for Regions and Science and Innovation portfolios to construct a 1 MW power station to support the CSIRO's Australian Square Kilometre Array Pathfinder project (ASKAP).

2012

June

Fiscal year ended with 7.4 MW of renewable energy systems connected or approved to connect, an increase of 1.8 MW over prior year.

September

Energy efficient Mungullah Power Station, built to replace existing Carnarvon Power Station, is connected to Dampier to Bunbury Gas Pipeline; generates electricity efficiently using natural gas as main fuel source.

2013

January/February

Horizon Power's Emergency Management Team and local response teams were active for 19 days to protect communities and restore systems impacted by three severe weather events.

June

Completed two-year, \$14 million wood pole replacement/reinforcement project, enhancing and improving community safety.



2014

May

New \$77 million, 18 MW Mungullah Power Station at Carnarvon officially opened by Minister for Energy Hon. Dr Mike Nahan MLA, taking over power production from the old Carnarvon Power Station.

2015

FY 2014/15

Construction of power station owned by TransAlta Energy in South Hedland gets underway with completion and commissioning planned for 2017.

Teamed up with Kidsafe WA to promote electrical safety messages to regional communities.

November

Devastating bush fires left 400+ rural Esperance customers without power. Horizon Power developed five solar-powered, standalone systems to provide reliable power at same price customers were paying when connected to the network.

2016

September

Advanced Infrastructure (AMI) Project completed, replacing more than 45,000 ageing electricity meters throughout regional and remote WA, realising more than \$7.5 million savings annually.

2017

March

Horizon Power's Carnarvon power station made history, becoming the first system in WA to be supported with energy from two utility-scale batteries which store energy and provide spinning reserve support.

June

Achieved annual \$100 million State Government subsidy reduction target 16 months ahead of schedule.

June

Four employees completed unique national apprenticeship to become Australia's first Remote Community Utilities Workers (RCUWs) and improve outcomes in remote communities.

September

Delivered new Australian-first pricing plans to customers in Port Hedland and Broome via MyPower pricing tool, helping them smooth bills across the year and manage electricity use during peak periods.

November

Phase 1 of Smart Sun Pilot program began in Broome, a joint venture between Horizon Power and DevelopmentWA, creating a first-of-its-kind VPP.



2020

March

Horizon Power launched its Innovate RAP at Warmun in the Kimberley.

June

Recorded an historical safety performance for the year, with zero recordable Lost Time Illness/Injury Frequency Rate.

July

Given a frontline role in WA Recovery Plan, Government's response to managing the spread and impact of COVID-19, delivering approximately \$75 million for 18 projects in regional WA.

July

Horizon Power opened its electric vehicle 22 KW AC charging station at the Broome Visitor Centre with WA Premier, Hon. Mark McGowan MLA.

November

The Dampier to Karratha 132 kV Line (Red Dog) successfully completed energisation of the upgraded line, a 50-year asset which will underpin ongoing regional growth in the area.

December

Customer Call Centre relocated from Melbourne to Broome, providing customers with opportunity to have calls answered by customer experts living in regional WA.

December

Goldfields school Scaddan Primary gets rooftop solar panels as part of Horizon Power's Solar Schools program, first of 30 schools to benefit from initiative funded by the WA Recovery Plan.

2021

February

Boundary Power, a joint venture between Horizon Power and Ampcontrol, is created to design, build, operate and commercialise SPS across Australia.

May

Work began on the Denham Hydrogen Demonstration Plant with Minister for Hydrogen Industry, Hon. Alannah MacTiernan MLC, turning first shovel of soil.

May

Customer Experience Centre, Nila Janyba, opened in Broome with a special smoking ceremony performed by local Yawuru Elder Janet Cox.

May

Horizon Power completed a world-first demonstration in advanced microgrid control technology and a DERMS to successfully power the Onslow microgrid with 100% renewable energy during an 80-minute trial.

June

Customer Solutions partnered with artist Jess Bidewell and 40 Derby children to create a mural to be mounted underneath the new solar shade at the Derby Memorial Swimming Pool, as a part of our Renew the Regions Derby Solar Battery and Streetlights project.

2019

May

State Govt announced \$11.6 million investment in Horizon Power's centralised solar project, enabling installation of solar farms in six communities, reducing cost of providing electricity and cutting fossil fuel emissions.

July

Installed 101 pre-payment meters across 13 Aboriginal communities, ensuring customers are only billed for power they use and can budget more easily by paying for power in smaller amounts as they go.

September

New five-year business strategy launched under the banner 'When we are connected, our regions thrive'.

2018

June

Business achieved highest ever reliability standard in its 12-year history, with 36 of 38 systems meeting benchmark reliability standards.

September

Stage One of Onslow Power Infrastructure Project officially opened, comprising a new 8 MW hybrid gas-diesel power station. Showcases transformation of energy sector to incorporate higher levels of DER.



Message from the Chair



In an organisation as busy and innovative as Horizon Power, we rarely have time to pause and reflect on our collective achievements.

However, the end of the financial year is a good time to do that, and I'm privileged to share some of our key accomplishments in this fast-changing energy industry. Looking back to our start in 2006, who would have thought that our journey over the next 15 years would put us in a pivotal role to shape the energy future of Western Australia?

We were given a clear mandate in 2006: *to be a regional service provider which understood the specific needs of regional and rural Western Australia, structured to respond quickly and decisively to regional issues.*

Our commitment and focus to that directive remains as true today as it was at our inception.

In setting our five-year Corporate Strategy in 2019, we recognised that the energy industry was undergoing incredible transformational change and set goals to help us identify and respond to challenges, reinvent the way our business operates and adopt new ways of working to best meet our customers' needs.

Despite having to overcome operational challenges stemming from the impact of COVID-19 and extreme weather events, throughout the past year we maintained our focus on these strategic imperatives and delivered the following milestones:

- We are playing an important role in the **WA Government's Recovery Plan to boost regional economies** during the ongoing COVID pandemic. Their approximate \$75 million investment in Horizon Power will enable us to deliver 18 important initiatives across the State's regions.
- Completed works on the **Onslow DERMS Project**, the largest of its kind in Australia, and delivered 100% renewable energy to the town
- Developed a **Social Impact Index** to better understand and measure the impact of our actions on the communities we serve
- Commenced construction in May 2021 on our **Denham Hydrogen Demonstration Plant**, Australia's first regional renewable hydrogen facility



Hon. Kyle McGinn MLC (left), Parliamentary Secretary to the Minister for Disability Services, Fisheries, Innovation and ICT, Seniors and Ageing; and Stephanie Unwin, Horizon Power CEO (second from left), join Minister for Hydrogen Industry, Hon. Alannah MacTiernan MLC (at right), in turning the first shovels of soil at the Denham Hydrogen Demonstration Plant site.

- Released our first **Modern Slavery Statement**, a pledge to eradicate modern slavery from Horizon Power’s supply chains
- Launched a three-year **Connected Safety, Health and Wellbeing strategy**, as the health and wellbeing of our people is critical to our success. To deliver on this, we need our people to follow safe work practices to ensure that everyone goes home safely, every day.

What links these initiatives is the unwavering commitment and unrivalled expertise of our team.

It’s hard to believe that anyone could have envisioned all that a group of people could accomplish by committing themselves to living and working in remote communities and working together with a shared passion.

On behalf of the Horizon Power Board, I extend a heartfelt thanks to every team member for their contributions this year. Special thanks go to Stephanie Unwin and her executive team for their leadership, vision, and commitment.

In FY 2020/21, we did more than overcome the challenges that the year presented - we applied the lessons learned

from them to further our ambition of *delivering energy solutions for regional growth and vibrant communities*.

We’re now uniquely positioned to positively influence the lives of our customers and communities by working toward the provision of clean, reliable energy – a key ingredient to a prosperous and equitable future for Western Australia.

Samantha Tough

**Samantha Tough
Chair**

Chief Executive Officer's report



When I sat down to write last year's message, I did not imagine that a year later we would still be living in such uncertain times.

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.

Amid the unprecedented changes occurring in our industry, I am proud to say that our results this year clearly demonstrate that we are well equipped to overcome challenges as they arise, as well as take full advantage of the opportunities ahead.

Our financial performance for the 2020/21 financial year was robust with our \$17.0 million Net Profit After Tax exceeding expectations, and also comparing favourably to \$8.9 million in the previous year. Overall, the strong financial performance is a result of lower

electricity purchases, lower finance costs and slightly-higher Government subsidies, together with fiscal discipline in managing our costs.

In addition, Government stimulus initiatives to drive growth in regional economies, together with various Government COVID-19 relief measures to help our customers manage their energy bills, have limited the impacts of COVID-19 on our sales and business activities.

Yet again, our team continues to demonstrate both resilience and a passionate commitment to our guiding ambition: delivering energy solutions for regional growth and vibrant communities.

The pandemic has had vastly different effects on our customers and communities. One approach we adopted to help stimulate regional growth has focused on investing in sustainable energy solutions which provide greater equity and allow customers to connect to their own solar system, using batteries and orchestration technology platforms to do this.

By accelerating our communities' connection to

commercial opportunities, Horizon Power is reducing the overall energy cost burden that is met by the State. None of this is easy, as the technical hurdles we face in establishing smaller systems are great. However, at Horizon Power we do not shy away from challenges and we will continue to engage our communities in this way as we move forward.

Supporting our customers

Throughout our report you will learn about the strategies Horizon Power implemented to better support our customers this year, however, I am especially proud of the prominent role we are playing in the regional economic recovery plan of the Western Australian Government.

The State Government's confidence in our ability to help with the economic recovery was evident through its allocation of \$75 million to Horizon Power to support 18 projects which form part of our 'Renew the Regions' program. Thirteen of our 21 strategic initiatives are supported in part by these valuable stimulus funds. This critical support from the WA Government

I am especially proud of the prominent role we are playing in the regional economic recovery plan of the Western Australian Government.

effectively doubles our annual capital expenditure, and every dollar we spend creates jobs, upskills existing workforces and builds opportunities for local businesses.

Delivering on our strategy

The trust that customers place in Horizon Power means that we have a responsibility to meet their core power expectations – access to safe, reliable and affordable energy. A combination of macroeconomic, climatic and technological forces is driving and accelerating the way we generate and deliver energy.

In recognition of this and in line with our ‘high performing organisation’ Strategic Theme, we continued to develop our Utility of the Future (UotF) program, designed to meet customer expectations by creating digital solutions that will transform our workplace experience and the capabilities of our staff – essential in helping us address the challenges and opportunities associated with decarbonisation and decentralisation in the industry.

We recorded an important milestone for energy control

technology and renewable energy in June 2021, when our team successfully powered the Onslow microgrid with renewable energy for the duration of an 80-minute trial, eliminating the community’s need to draw power from its fossil fuel-based operations, as the DERMS was able to provide stable, continuous 100% renewable energy to the grid. The Onslow project has not been without its obstacles, but as this was the first time that DERMS was deployed for this purpose in a remote microgrid in Australia it is a clear success. The DERMS solution supports our plans to increase rooftop solar installations, help supply our communities with renewable energy and reduce energy costs for our customers – three key objectives of our Corporate Strategy.

Our Esperance Power Project (EPP) is another example of the increasing renewable power generation capability of our network. We’re significantly lowering the town’s carbon footprint via the installation of two new state-of-the-art wind turbines in the EPP renewables hub. These new wind turbines

will produce 60% more wind power than the combined output of Esperance’s existing wind farms and will see us reduce emissions by approximately 50% across the Esperance region.

We opened our new Customer Experience Centre, Nila Janyba, in Broome in May 2021, after first relocating our customer call centre operations from Melbourne in December 2020.

Bringing these services home to a regional base provides our customers with an opportunity to walk through the door and have a meaningful conversation with people living in their community, individuals who understand the reality that comes with residing in some of the State’s most remote communities.

The centre incorporates 10 new local jobs, including Aboriginal traineeships, providing these team members with a career that starts with us and hopefully takes them a long way toward achieving their professional goals. This is just one of many examples of how we action our ‘region’s first’ Guiding Principle.

People, safety and wellbeing

Critical safety concerns arise in all areas of our work – not just in the front-line operations carried out by our crew. We have now identified the top eight critical safety risks we face across our business, whether in the field, maintaining our assets, working in isolation, driving to a customer meeting or incorporating hydrogen gas into our technology stack. Our safety team, supported by the Umbrella Safety Committee, brought these risks together and helped us simplify what we do to address them.

As part of our safety journey we're investing in leadership coaching, recognising that safety and wellbeing are significantly influenced by leadership. Earlier this year, members of our Port Hedland team completed a six-week program which focused on placing critical risks front of mind and making safety a part of daily conversations, regardless

of an individual's role within Horizon Power. I am so proud to see us investing in the safety and leadership conversation in an innovative way.

In support of our 'high performing organisation' Strategic Theme, we launched our three-year Connected Safety, Health and Wellbeing strategy this year, with the 'My Safekeeping' aspect being the first component introduced to our team. 'My Safekeeping' identifies our critical risks together with the control actions which we all need to take to help safeguard ourselves and the public.

Our program of leading indicators is aimed at measuring injury prevention activities. This pervasive and ongoing focus on safety is achieving results, as we have not experienced a Lost Time Injury for over two years. One of our leading indicators is Safety Interactions that are performed by our leaders on work sites. During a recent

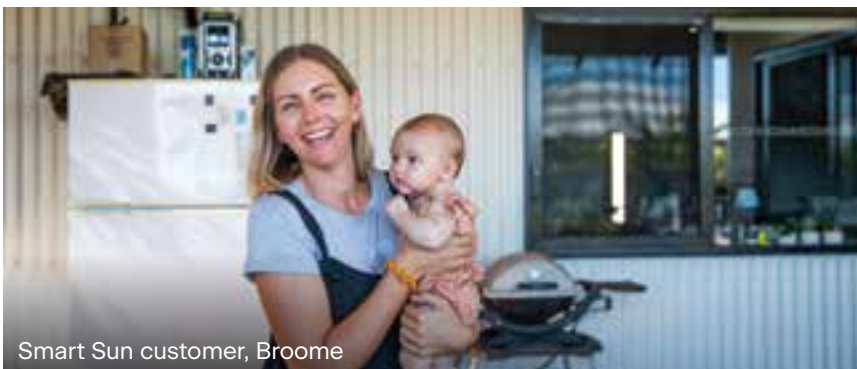
Safety Interaction, one of our leaders discovered that the work team was utilising a generic Job Risk Analysis (JRA). He stopped the job and coached the team on the importance of completing a customised JRA for every job.

Sustainable business

Our work on SPS continued this year, with our footprint growing as part of the WA Government's commitment to this space. We now have 34 SPS installed, with a further 42 remote properties from across our service area to be powered by these renewable energy systems as part of our 'Renew the Regions' program.

Success in this space served as the foundation for the creation of Boundary Power, our joint venture with Ampcontrol Limited. Boundary Power brings together Horizon Power and Ampcontrol's combined SPS design, construction, deployment and operational expertise, unveiling a new, innovative series of SPS solutions to the commercial market.

Our Smart Sun program in Broome – an industry-first for regional Australia involving a VPP and the installation of 'smart' household energy packages – concluded this year. The three-year pilot program, offered through an incentive scheme to customers in DevelopmentWA's Warranyjarri



Smart Sun customer, Broome

Estate, included rooftop solar panels, a battery and inverter and ‘smart’ appliances that enabled customers to track their energy usage through a mobile app. With the pilot showing that it can lower the cost of installing renewable infrastructure by up to 30%, we’re excited to continue our work with DevelopmentWA to provide integrated renewable energy solutions that shape our regional communities.

Our 12-month EV pilot finished in March 2021, demonstrating support for the WA State Electric Vehicle Strategy. I’m excited to continue working in this area as we join with Synergy and Energy Policy WA (EPWA) to create the world’s longest EV charging highway, facilitating travel north from Perth to Kununurra, along the southwest coast to Esperance, and east to Kalgoorlie. The State Government’s EV strategy paves the way for us to meet the needs and expectations of the rural and remote communities we serve, ensuring they have access to the same opportunities as metropolitan-based residents.

Toward reconciliation

I’m extremely proud of our achievements to date with our two-year Innovate RAP. As champion of our RAP within our business and our

communities, I advocate for our reconciliation themes of relationships, respect and opportunities that align to one of our business’s Guiding Principles – to improve the lives of Aboriginal people through proactive and sustainable business decisions. Introduced in March 2020, our most recent RAP sets out our vision on how we can maximise opportunities for Aboriginal people to become a bigger part of our workforce, to join us as a supplier or work with us in partnership.

At Horizon Power, we value our RAP as a way to help us capture our commitment and hold us accountable for the way we support our Aboriginal workforce in our communities and by striving to find meaningful opportunities for our Aboriginal business partners.

Our team

For a business to achieve success during challenging times is rarely due to luck – success is usually dependent on the combined actions of team members working together in pursuit of a common goal. Horizon Power is no exception – the strong performance that we demonstrated over the past year has its roots in the resilience, experience and foresight of all the people who together make up our team.

We have a passionate Board which backs us in our strategic thinking with support and guidance; we have a workforce who are doing extraordinary things as we implement system changes and technologies that are at the leading edge of the energy transition; and we have partners who go the extra mile with us. I see such pride when we get things right for our customers and such dedication when we aren’t quite there yet. Across every part of our business, we care deeply about the communities we are in and why the work we do matters to them.

Looking ahead

Our goal is for Horizon Power to be recognised as an innovative and market-leading provider of energy solutions for our State. We are an organisation that has the proven ability to adapt to environmental and climatic challenges, lead the development of new renewable energy solutions and achieve great outcomes for our customers and the communities we serve. With 15 years of experience behind us, we are approaching the year ahead with excitement and optimism.



Stephanie Unwin
Chief Executive Officer

● 'There are a number of improvements made to regional WA by Horizon Power's efforts. Investing in regional towns to provide greener energy and constantly working to improve their services, it's good to know that they are focusing on the wider WA and not just the city.'

Horizon Power residential customer





Broome Town Beach

Operational performance report

Table 1: Performance overview: critical business outcomes FY 2019/20 and FY 2020/21

Critical business outcomes	Target performance result for 2020/21	Actual performance result for 2020/21	Target achieved	Actual performance result for 2019/20	Notes to the table	For more information see page
Safety – minimise the risk of harm						
Employee safety Lost-time injury frequency rate (LTIFR)	0.0	0.0	✓	1.8		N/A
Public safety Total number of notifiable public safety incidents	N/A	14	N/A	13	1	N/A
Unassisted pole failure rate Number of unassisted pole failures divided by 10,000 over a 36-month rolling average	1.00	0.65	✓	0.65	2	29
Value – maximising long-term value						
Net profit after tax (\$M) Profit for the year after income tax (Target represents latest budget as approved by State Treasury)	11.5	17.0	✓	8.9	3	100
Cost management Unit cost to supply – unit cost (cents/kWh) (Target based on latest approved budget by State Treasury)	39.9	37.4	✓	34.2	4	N/A
Return on assets (%) (Target based on latest approved budget by State Treasury)	4.1	4.5	✓	4.1	5	N/A
Community – be a high performing business						
Customer satisfaction Survey rating (%)	>70	77%	✓	82%	6	49
Reliability Number of systems that meet reliability performance standards	33	36	✓	35	7	27
System reliability and electricity delivery System Average Interruption Duration Index (SAIDI) – average total length of outages in minutes over 12 months	290	115	✓	134	8	27
System Average Interruption Frequency Index (SAIFI) – average number of interruptions over 12 months	6.6	1.8	✓	2.0		



Red Dog Line, Pilbara

Notes to the performance overview table

- 1** **Notifiable incidents:** 14 notifiable network safety incidents were reported to EnergySafety throughout the year. These incidents related to the electrical network and were reported in compliance with the *Electricity (Network Safety) Regulations 2015 (WA)*:

 - six faulty neutrals on the electrical network affecting two or more consumers
 - one network-related electrocution of livestock due to pole failure
 - one network-related injury due to HV cable explosion
 - one paddock fire in Esperance caused by a crow shorting an insulator
 - two third-party contacts with the network that did not meet the design standard
 - two failures to apply good work practice caused a discharge of electricity
 - one consumer shock caused by an error in a network connection.
- 2** **Unassisted pole failure rate:** The unassisted pole failure rate remained below the 1.0 per 10,000 poles due to our continual pole management strategy (additional information is provided on page 29).
- 3** **Net profit after tax:** Net profit after tax compared favourably to budget due to higher total income, primarily from higher sales, and offset by higher income tax.
- 4** **Cost to supply:** Compared to target, the favourable variance in actual cost to supply is mainly due to lower operating costs, which were apportioned over higher sales volume.
- 5** **Return on assets:** Return on assets compares favourably to the target due to higher profit than budget.
- 6** **Customer satisfaction rating:** A strong performance, however lower than the previous year due to waning of COVID halo and business customers reporting less overall satisfaction.
- 7** **Reliability:** The number of performing systems has increased to 36 after continual focus on system reliability.
- 8** **SAIDI/SAIFI:** SAIDI and SAIFI have decreased slightly. This indicates a slight decrease in the number of outages and shorter overall duration. The normalised data set was used in the calculation of SAIDI and SAIFI.

Providing a safe and reliable supply of electricity

Our performance (Table 1, page 25) is measured against key financial and non-financial performance indicators and targets, as outlined in our Statement of Corporate Intent approved by the Minister for Energy.

Performance against key indicators of system reliability and safety continues to improve. Across our service area, our customers on average experienced 1.8 power interruptions for the year.

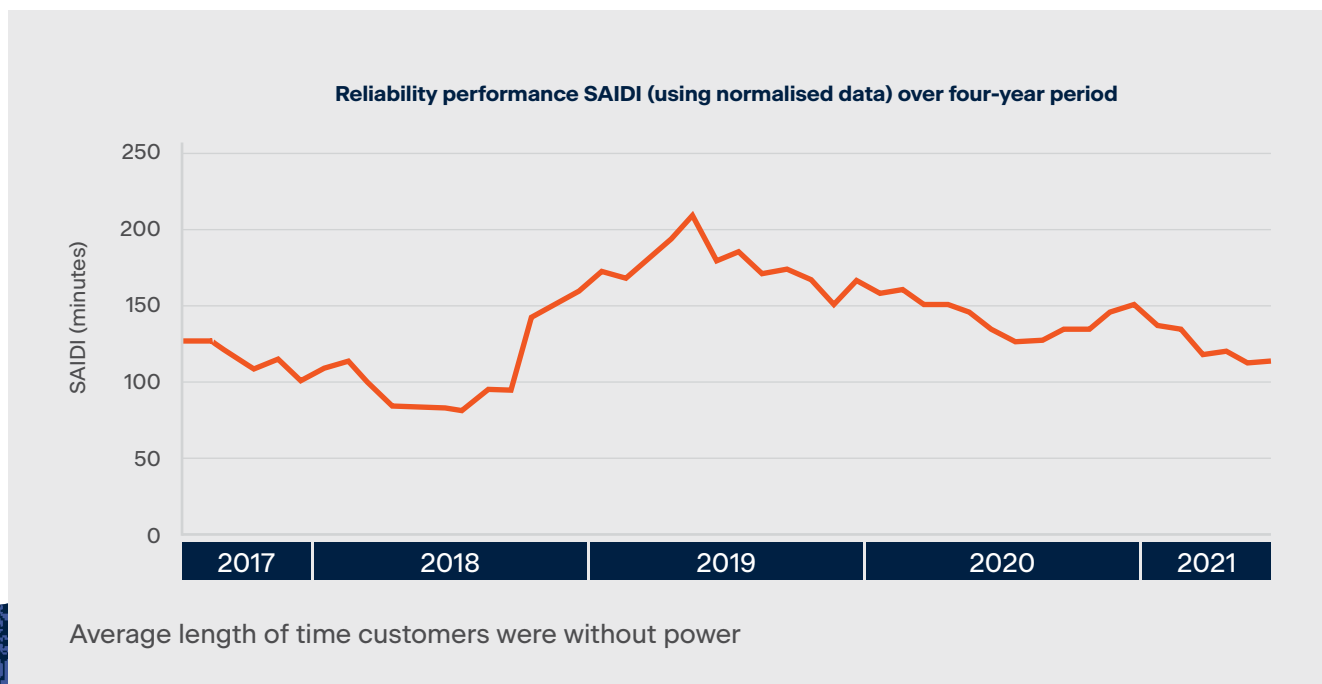
This is well within our performance target of 6.6 interruptions (System Average Interruption Frequency Index – SAIFI).

The average length of interruptions was reduced to 115 minutes, against a target of 290 minutes (System Average Interruption Duration Index – SAIDI). These improvements are the result of continued focus on reliability and prudent investment in our assets in previous years that are now showing benefits.

During the year, the number of performing systems increased from 35 to 36 of our 38 systems. This is a key internal measure of our performance which takes into account both the length and number of interruptions experienced by our customers in each of our service areas.

Although we have improved on our targets, 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 failures occur.

Figure 1: System Average Interruption Duration Index (SAIDI) 2017/18 to 2020/21



Generation outages, lightning events and storms affected reliability in our Lake Argyle, Kununurra, Denham and Derby systems.

With a focus on safety across the business, Horizon Power's Lost Time 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.

We are very proud of this safety performance and remain vigilant and committed to the highest

standards and processes to ensure the wellbeing of all our people and our customers.

Our ability to respond quickly and cost effectively to remote system faults due to the distance between resource centres remained a challenge.

Where appropriate we have adopted alternative resourcing strategies and have continued to investigate remote sensing and improved predictive failure mode analysis to mitigate this issue.

There was one significant weather event that impacted Horizon Power's systems:

- In February 2021, following 137 mm of rainfall in the Carnarvon area, significant flooding resulted in a feeder outage for almost 24 hours affecting 475 customers.

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

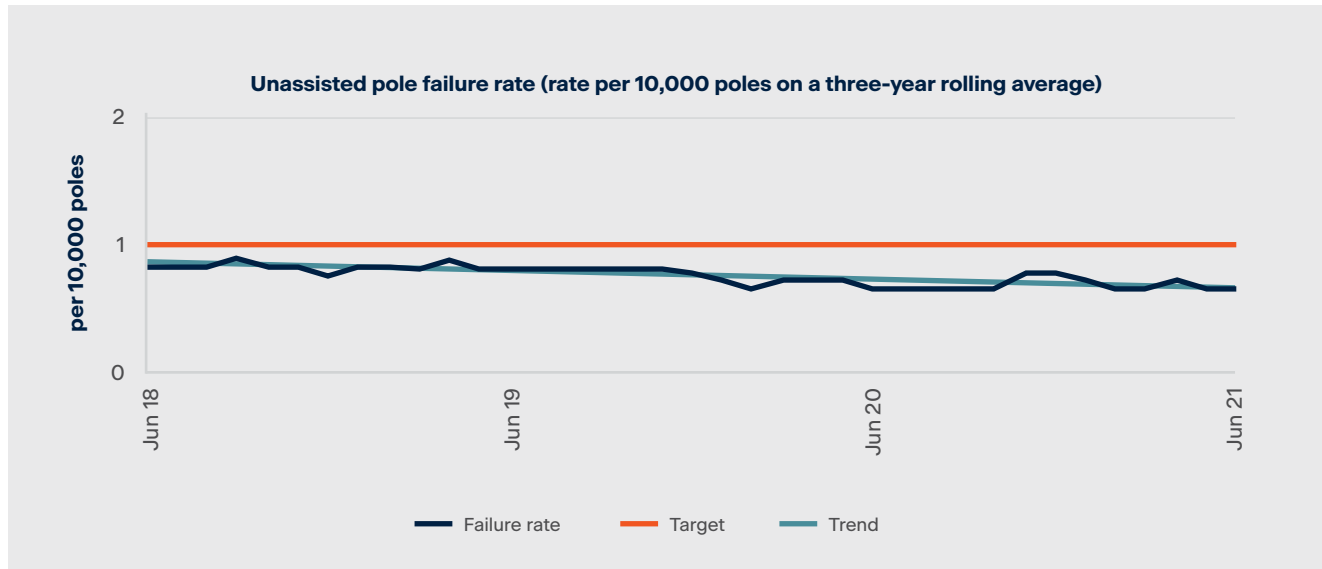
Table 2: Transmission and distribution network lines through our service area

Network type	Carrier	Length (Kilometres)
Transmission	220 kV	203.1
	132 kV overhead	73.8
	132 kV underground	3.6
	66 kV overhead	155.6
	66 kV underground	3.1
Distribution	High voltage 3-phase overhead	2,025.1
	High voltage 3-phase underground	943.1
	High voltage single-phase overhead	2,781.3
	High voltage single-phase underground	13.9
	Low voltage overhead	554.7
	Low voltage underground	1,599.2
	TOTAL	8,356.6

Table 3: Other transmission and distribution assets

Asset	Amount
Total transformer capacity	801 MVA
Number of transformers	4,281
Number of distribution poles	56,081
Number of transmission wood poles	0
Number of transmission steel poles	733
Number of transmission towers	871

Figure 2: Unassisted pole failure rate 2018/19 to 2020/21



Network assets

There was a 0.8% reduction in the carrier length from the previous financial year. The main reduction in the carrier length was from the Karratha to Dampier 132 kV Transmission Line upgrade.

The number of distribution poles decreased by 0.5%.

Pole management strategy

We continue to enforce and refine our pole management strategy through a disciplined approach to our pole inspection, reinforcement and replacement programs with 5,750 poles (approximately 10% of our pole asset base) inspected this year.

Pole condemnation rates have decreased significantly since the introduction of our pole management strategy and are now stabilised at around 1% of poles inspected.

There were five unassisted pole failures in total this year – three in Leonora, one in Laverton and one in Carnarvon. All transmission wood poles from the Karratha to Dampier Line that were severely impacted by Cyclone Damien were replaced with steel poles.

There is continued improvement in our unassisted pole failure rate. This rate declined below the threshold of 1.0 in 10,000 poles per annum during the last quarter of 2017/18, and maintained a steady value down to 0.65 in June 2021.

This performance is attributed to the application and continuous improvement of our pole management strategy which is proudly delivered across our full-service area by our dedicated Esperance pole inspector workforce.

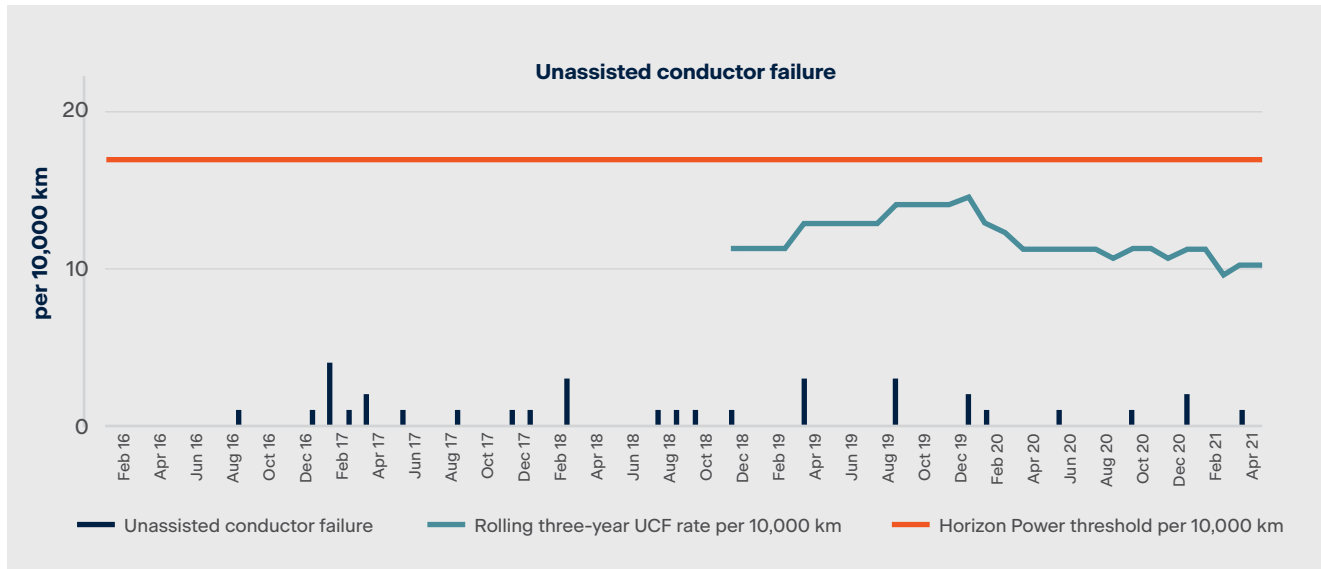
Conductor management

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

Acknowledging this risk, we have undertaken the following:

- Tracking of unassisted conductor failures on the Horizon Power system. Over the last year there have been five unassisted conductor failures which is well below the target of 10 – one failure in the Mid West Region and four in Esperance.

Figure 3: Unassisted conductor failure January 2016 to June 2021



- Continued execution of our 10-year risk-based replacement program, scheduled for completion in 2021, which involves the replacement of small copper conductors.
- Conductor assessments in conjunction with industry experts to manage the risk of our conductors across the network, implementing replacements in areas that were considered at high risk of failure. Work included:
 - continuing management of at-risk conductors in Carnarvon and Exmouth
 - allocating budget to replace and manage conductors in Esperance, Carnarvon and Exmouth
 - program of managing at-risk conductors on the Esperance network

- analysing the correlation between conductor conditions to local environmental factors (e.g. wind direction and speed, proximity to corrosion sources, conductor age and material types).

Utility of the Future (UotF)

As part of the Kimberley Smart Streetlight Replacement program, Horizon Power’s mobility platform Fieldreach was expanded to incorporate asset replacement work. This resulted in the digital despatch of work and 1,500 streetlights updated in core information systems in near real time. The easy-to-use three-click application proved popular with field crews, produced near perfect data quality and saved time in the field and the back office.

New Spark Prevention Units (SPU), or surge arresters with communication devices, were trialled to reduce the impact of lightning strikes in the lightning-prone Kununurra region.

The trial proved that signals from the SPUs could be used to automatically generate work orders and despatch these to field crews, so that the sacrificial SPU devices could be replaced following lightning events and continue to protect equipment (like transformers) from future events. This technology has the potential to mitigate equipment replacement costs and customer outages.

Our people



Port Hedland

'I have never come across anyone in Horizon Power who has not been courteous and respectful. Your emergency crews and workers all have a smile... skilled in getting the job done and without fanfare. They are almost like the silent workers who never cause drama and complete their tasks quickly and efficiently. You guys ROCK!'

Nathan McIvor, CEO, Djarindjin Aboriginal Corporation

Overview

Our people are our biggest strength. Ensuring they go home safely each day drives the culture of our business and is a key enabler to the ongoing success of our organisation.

We achieve this by training our people to ensure they have requisite skill sets, empowering them to take responsibility for their work and to be efficient in their decision-making processes, and ensuring our leaders uplift and inspire our people.

We accelerate the development of our people, grow and strengthen our leadership capabilities and enhance employee performance through strong engagement.

Adapting to change

The strength and resilience of our people were tested throughout the year as we faced ongoing challenges presented by the COVID-19 pandemic.

Our people rose to the challenge and consistently demonstrated their ability to adapt quickly to changing circumstances. Our immediate focus is – and always will be – on keeping our people safe and well, maintaining safe and reliable operations and supporting our communities.

This year we developed and implemented critical controls designed to protect our people and minimise risks.

Our Kaartdijin Room, created in March 2020 as a gathering place to oversee all decisions related to our COVID response, proved invaluable again this year during periods of lockdown and as we addressed regional threats from bushfires, floods and Cyclone Seroja.

Safety, health and wellbeing

Safety is a core value at Horizon Power; keeping ourselves and our team members safe while also creating interdependence is a core focus of the organisation.

Our goal is for our people and our communities to recognise us as having a first-class approach to safety, health and wellbeing.

Our three-year plan to drive a change in safety performance and wellbeing is designed to create an environment that supports our belief that ‘when our people are connected, they thrive’, and covers four key themes:

Theme 1: Enable a connected safety culture

- Build a strong safety culture throughout Horizon Power where all stakeholders take ownership of safety in a unified manner.

Theme 2: Support our workforce, partners and contractors

- Equip our workforce, partners and contractors with the appropriate tools and frameworks to help them manage safety and risks.

Theme 3: Elevate critical risks

- Aim to elevate the consideration of critical risks in the minds of employees and how they assess and mitigate risks in their roles.

Theme 4: Promote health and wellbeing

- Implement a tailored health and wellbeing approach for Horizon Power that is aligned to the needs of our people.

As safety matures across our business, a stronger emphasis has emerged on leadership development, safety coaching and risk management.

This has been reflected in a recent launch of the ‘My Safekeeping’ program, which outlines the controls needed to help safeguard ourselves and the public by mitigating our Critical Risks.

‘My Safekeeping’ replaces our previous ‘Non-Negotiables’ approach and elevates our focus on these risks. Our people understand that, whatever their role within the organisation, their actions can influence one or more of our Critical Risks.

We will continue to roll out further programs in support of our Connected three-year strategy throughout the coming year.



Esperance

Our Critical Risks





Our Critical Risks is all about keeping us all safe at work. It's about following best safety practices, looking out for each other and the public and ensuring your actions get you home safely, every day.

If there's a situation or behaviour you think is unsafe, you can count on my full support to make the changes needed to create a safer work environment.

Stephanie Unwin
Chief Executive Officer



My Safekeeping

 <p>Electricity I control the risks and consequences before working with electricity or I stop. I follow isolation and operating instructions, without taking short cuts.</p>	 <p>Plant & equipment I operate vehicles and machinery within my competency. I inspect vehicles, plant and equipment prior to use.</p>
 <p>Fire, Flood, Cyclone I follow the emergency response plan and will not place myself or others in danger.</p>	 <p>Public safety I protect the public from our activities and work site hazards.</p>
 <p>Driving I will be in a fit state, obey all traffic rules and drive to conditions. I follow our Journey Management Plans.</p>	 <p>Isolated work I follow lone worker procedures when performing isolated work. I have a de-escalation plan when working with customers and the public.</p>
 <p>Working at heights I protect myself from falls when working at heights. I will implement controls to prevent dropped objects.</p>	 <p>Flammable gas I control the risks and consequences before working with gas or I stop.</p>

'My Safekeeping' replaces our previous 'Non-Negotiables' approach and elevates our focus on these risks.

Our values

At Horizon Power, our people are the heart of everything we do and as such, we are committed to fostering a culture of a high performing organisation.

Our Safety, Team, Integrity and Customer (STIC) values lie at the centre of our culture and set the standard of behaviours as we transition to becoming a high performing organisation.

These values underpin how our people work together and provide a solid foundation for everything we do; we encourage our employees and contractors to challenge behaviours that are inconsistent with our values.

Our Safety, Team, Integrity and Customer (STIC) values lie at the centre of our culture, and set the standard of behaviours.

Engagement survey – everyone has a voice

In November 2020 we canvassed our employees' opinions and feedback via our annual Employee Engagement Survey. The survey measured our work experience across several engagement dimensions by evaluating three key behaviours: Say, Stay and Strive.

Participation was strong, with 90% of our people participating in the survey, and results confirmed that we are progressing toward a united and inspired culture with a 7% increase in engagement.

The candid feedback we received is invaluable as it informs us on job satisfaction, what is going well, and where we can make improvements to positively influence our workplace and culture.

Leadership development

We launched the 'Leading for High Performance' program for our senior leaders in November to ensure we invest in their ongoing development to lead across a remote workforce.

The program addresses the leadership roadmap, leading every day to sustain high performance; and is supported by coaching, experiential and peer leading. The program also incorporates three Senior Leaders' Forums each year. Recent topics included personality profiling and self-awareness to enable more effective interaction with work colleagues, peer leadership learning groups and the opportunity to hear from inspiring guest speakers.

Another development opportunity for both leaders and our teams in the regions is our 'GM Mentor Program'. This program provides an opportunity for each General Manager to align with a particular region for added support via regular visits and in-person leadership to build engagement and connection across our regional teams.



Aboriginal Employee Forum

In September 2020, our Aboriginal employees were invited to participate in Horizon Power’s inaugural Aboriginal Employee Forum in Broome. The purpose of the Forum is to build an engaged network of Aboriginal employees, create increased cultural safety in our workforce

and provide employees an opportunity to contribute to our RAP and Aboriginal Engagement Strategy, particularly relating to retention.

The qualities of respect, adaptability, capability and collegiality were on display throughout the event, as were our core values of safety, team and integrity.

Jennie Milne, General Manager, Employee Experience, reflected on her key takeaway from the event: ‘To be inclusive, we must always challenge our norms and question ourselves when we are tempted to place a higher value on things like knowledge from textbooks and a Western education, versus what we are able to learn through lived experiences and alternate ways of learning.’

Our team also used the time together to design beautiful artwork which tells the story of Horizon Power. This artwork was digitised and is now an embedded part of the Horizon Power brand – all our employees now have a polo shirt, water bottle and lanyard featuring the artwork.



Aboriginal Employee Forum, Broome

Get to know your shirt





Aboriginal university interns and their Horizon Power leaders

Aboriginal university interns

CareerTrackers is a non-profit organisation that creates internship opportunities for Aboriginal university students.

Its goal is to increase the representation of Aboriginal Australians in professional employment.

In partnership with CareerTrackers, we hosted two university students in a summer placement earlier this year. The students gained real-world experience through their 12-week internships, working alongside our Operational

Technology and Aboriginal Strategy and Engagement teams. Our summer interns joined three other university students and returned to Horizon Power for a shorter winter placement.

The program is being extended and we hope to recruit three additional students next year.

This program supports a key focus area of our Innovate RAP, aiming to improve employment outcomes by increasing Aboriginal recruitment, retention and professional development.

Reconciliation Action Plan (RAP)

We launched our Innovate RAP in Warmun in March 2020 and are on track for successful completion in March 2022. Innovate RAPs are delivered across two years and lay critical foundational work to position an organisation for long-term success in the reconciliation space.

Our RAP includes nine key targets across three reconciliation pillars: relationships, respect and opportunities. For more information on how our Innovate RAP significantly supports and aligns with our 2019-2024 Corporate Strategy, please see pages 43-44.

Training and development

In January 2021, we selected three individuals to begin a Customer Service Officer (CSO) Traineeship at Horizon Power, based respectively in Kununurra, Broome and Port Hedland.

The participants will complete a Certificate III in Business through North Regional TAFE and are employed by Nirrumbuk, a Broome-based community organisation whose primary objective is to build the capacity of the Aboriginal community and individuals in the region. The partnership between TAFE, Nirrumbuk and Horizon Power is offering life-changing opportunities to local Aboriginal people by providing skills to set them up for lifelong success in the workforce.

Certificate III Electricity Supply Industry (ESI) – Distribution Cable Jointing Trade Qualification

This trade qualification was established for the Pilbara region in recognition of the migration to an underground distribution network in Port Hedland, Karratha and Onslow.

The completion of the program by the nine initial participants has encouraged four additional team members from Port Hedland and seven from Karratha to also enrol in this trade training program. Due to their staggered commencement

dates, participants are now in various stages of completing the program.

Certificate III Electrical Fitter Trade Qualification

Our five existing participants have made good progress in this joint Horizon Power/Western Power/North Metro TAFE pilot program, in which existing Distribution Linespeople and Cable Jointers are upskilled to become Electrical Fitters.

The fourth and final block training stage is scheduled for November/December 2021, followed by further required on-the-job work experience. The capstone assessment will be conducted in mid-2022.

Standalone Power Systems (SPS)/ Renewable Energy Programs

The Esperance Asset Inspection crew was trained in the SPS Operations and Maintenance training program in late 2020, with excellent feedback from participants.

Another Esperance Operations Maintenance training course is planned for early in the new financial year, to increase the Esperance region's capacity to operate and maintain the significant number of SPS units being installed via the approved program of works.

Battery Energy Storage Systems (BESS)/Renewable Energy Programs

Horizon Power has a need to develop BESS operations and maintenance training for those members of our Karratha workforce who have been issued the operations and maintenance accountabilities for these programs.

As an interim measure this priority is currently being actioned in-house. A more structured, long-term plan will follow, after industry training providers have had an opportunity to establish formal training programs.

Utility of the Future (UotF)

In alignment with our 'high performing organisation' Strategic Theme, we continued to develop creative digital solutions through our UotF program, designed to expand the capabilities of our staff – including initiatives supporting our Human Resources Information System replacement project, 'EmPowerMe'; PRISM (a new procurement life cycle solution); Asset Risk Criticality Modelling for Conductors and Distribution Fault Locator (based on machine learning for predictive analysis); and Modern Digital Workplace. For more information on UotF, please see pages 41-42.

Diversity and inclusion

We directly employ 27 Aboriginal people which represents 5.8% of our workforce. We have a clear goal to achieve 7% representation by 2022 as part of our business strategy and Innovate RAP.

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

Both the executive team and the Board are gender balanced. Strategies to increase gender balanced representation include:

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

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

Table 4: Female representation FY 2020/21

Female representation	End June 2020		End June 2021	
	Count	Percentage	Count	Percentage
Board	4/7	57%	5/7	71%
Executive	4/8	50%	4/7	57%
Senior management	10/29	34%	13/35	37%
Horizon Power	137/435	31%	149/464	32%

People with culturally and linguistically diverse backgrounds make up 22% of our workforce.

Mature workers make up 32.8% of our workforce, and we continue to build the representation of youth through the expansion of our graduate and undergraduate programs.

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

About our people

464 employees (450.82 full-time equivalent)

32% female

5.8% Aboriginal

22% culturally and linguistically diverse backgrounds

0.9% with a disability

37% regionally based (171 employees)

Depot	# of employees
Broome	29
Carnarvon	26
Esperance	40
Karratha	32
Kununurra	19
Mungullah Power Station	3
Onslow	1
Port Hedland	21
Total	171



Utility of the Future (UotF)

Location:

Perth and Regions

Key works:

As we drive toward significantly greater levels of renewables across our microgrids, decarbonisation, decentralisation and digitisation become prominent enablers.

Renewables, distributed generation, smart grids and customer choices demand new capabilities and are shaping new business models and regulatory frameworks. To survive and thrive, Horizon Power needs to develop better and broader digital capabilities to enable this transformation.

The UotF program aims to deliver a digitally enabled environment that allows Horizon Power to accelerate new operating models, optimise the way we work, and explore and grow new avenues to engage customers and regional communities.

The use of innovative technologies such as process automation, big data, artificial intelligence, machine learning, the Internet of Things (IoT) and the Cloud will help us address the challenges and opportunities associated with the move away from fossil fuels to cleaner energy sources such as solar, wind and hydrogen ('decarbonisation'), and the process of redistributing power, tasks, people and things away from a centralised generation model ('decentralisation').

Program execution began in July 2020, with an initial focus in FY 2020/21 on trialling and testing several new digital and advanced analytics capabilities to deliver a number of accelerated business outcomes. The results from these trials have been used to help define a multi-year UotF roadmap.

Project overview

Below is a spotlight on three exciting initiatives that were undertaken over the last year.

Asset risk and criticality analytics for conductors

- Transform from reactive, short-term focused asset maintenance business into a data and insight-driven business, where decisions are made based on asset condition and asset risks, with a focus on medium to long-term forward planning
- Utilise contemporary, advanced analytics to enhance the understanding of asset condition and risk profile to enable informed, data-driven investment decisions and reliability centred maintenance strategies.

Distribution fault locator

- Leverage traditional power system analysis and advanced machine learning analytics to accurately predict the origin of faults on the Esperance rural feeders
- Transition fault patrol methodology from sectionalised patrols to targeted line patrols, where crews are directed to the problem area to enable faster restoration, providing future opportunities to back-feed customers prior to patrolling.

Accounts payable automation

- Establish an optical character recognition (OCR) platform which can be leveraged to improve the overall 'Procure to Pay' business process, by extracting text from invoices via electronic means and converting into data that can be used to automate a business process without requiring manual processes
- Automate time-consuming manual entry of 2,500 monthly invoices into the Ellipse accounting system.

How these projects benefit our internal and external customers

Asset risk and criticality analytics for conductors

- Improved asset management decision making by providing accurate and consistent quantification of asset risk
- Improved asset performance which translates into enhanced public safety, reduced asset risk and improved asset reliability
- Development of a long-term Asset Management Plan that is dynamic, data-driven and risk-based
- Optimisation of asset investment (maintenance and renewal), i.e. optimised utilisation of funds and available resources.

Distribution fault locator

- Improved network SAIDI through the application of targeted feeder line patrols by providing accurate location information to direct crews to the source of network faults
- Improved customer experience during power outages, by enabling networks to be quickly restored
- Improved experience for field crew during power outages by narrowing the patrol area, focusing efforts on important network areas.

Accounts payable automation

- Eighty percent of invoices automatically posted into Ellipse without human intervention

- Shifted accounts payable team focus away from data entry toward accountability for managing exceptions to the automated process for overall efficiency gain
- The project has established a solid foundation for an OCR platform that can be utilised to solve a broader set of business use cases.



High performing organisation



Optimise and extend the core



Innovative customer solutions

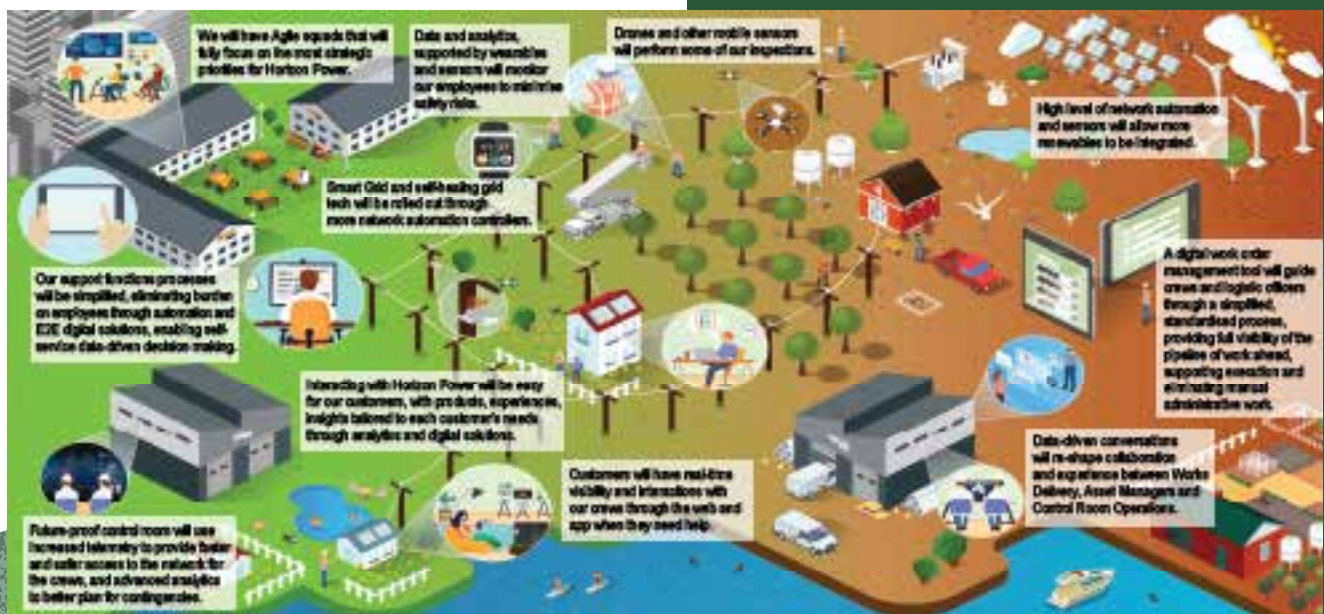


Lead the energy transition

How the UotF program will make a difference

The UotF is a multi-year program which will future proof our business, by creating a leading edge, digitally enabled and sustainable business to ensure Horizon Power's continued ability to meet the energy needs of regional Western Australians so that our State continues to flourish. By leveraging the building blocks of digitisation, such as digital platforms, smart devices, the Cloud and advanced analytics, we can increase the asset life cycle of our infrastructure, optimise electricity network flows, innovate with new customer-centric products and improve the employee and customer experience.

A visual depiction of a successful UotF program is shown below:





Innovate Reconciliation Action Plan (RAP)

First Nation culture, history and participation are seen, heard and valued as an integral part of Horizon Power business.

Total project cost:

\$1.3 million

Location:

Statewide

Key timings

- Innovate RAP launched in March 2020
- Program planned for successful completion March 2022

Major focus areas:



Develop a framework to support and promote respectful engagement with Aboriginal stakeholders and organisations



Promote reconciliation and respect for Aboriginal cultures and histories through our sphere of influence, including annual National Reconciliation Week events and NAIDOC celebrations



Increase understanding, value and recognition of Aboriginal cultures, histories, knowledge and rights through cultural learning



Improve employment outcomes by increasing Aboriginal recruitment, retention and professional development



Increase Aboriginal supplier diversity to support improved economic and social outcomes

Project overview

To achieve our vision and reaffirm our commitment to reconciliation, we started back at the beginning. Since commencing our reconciliation journey in 2006, our key learnings are two-fold:

- Our engagement about reconciliation must be two-way and continuous – with our Aboriginal employees, customers and stakeholders
- Our vision must be driven from our leadership team and supported by our Aboriginal commitment as a Guiding Principle embedded within our business strategy.

In continuing our journey, we launched our Innovate RAP in March 2020. Innovate RAPs are delivered across two years and lay critical foundational work to position an organisation for long-term success in the reconciliation space. Our RAP includes nine key targets across three reconciliation pillars: relationships, respect and opportunities.

Key achievements in the first year of the Innovate RAP are increasing our Aboriginal employment from 4.6 to 5.8% (toward a goal of 7% in March 2022) and more than 85% of our employees completing the Cultural Foundations Workshop delivered by our cultural learning provider, Aboriginal Insights (well ahead of our goal of 45% completion by 30 June 2021). Participant feedback has been overwhelmingly positive and directly impacted the increased volume of requests for support from the Aboriginal Strategy and Engagement team to other business units, as employees have a desire to demonstrate the ‘when you know better, you do better’ mantra.



Artwork unveiling, National Reconciliation Week



National Reconciliation Week Broome Team

How this project benefits our community

- Our Innovate RAP is a vital tool in helping us further strengthen our relationship with Aboriginal people.
- Our RAP objectives and programs improve engagement and continue to support and sustain vibrant regional communities.
- In partnership with CareerTrackers, a non-profit organisation creating internship opportunities for Aboriginal students, we hosted two university students this past summer and five interns during winter 2021, providing real-world experience throughout the internship program.
- Our partnership with Nirrumbuk Aboriginal Corporation provides employment opportunities and traineeships to Aboriginal people by providing skills to set them up for lifelong success in the workforce; three young people are currently completing a Customer Service Officer (CSO) program on their way to achieving a Certificate III in Business, and we are also providing this opportunity to employees of our strategic partner, Computershare, at our new Customer Experience Centre, Nila Janyba, in Broome.
- On-country cultural immersion is the second stage of building cultural competency. Our team in Port Hedland recently participated in a Cultural Knowledge Sharing session where they learned about the historical impacts on Pilbara Aboriginal people, traditional and contemporary ways of being, cultural protocols and the localised context of heritage and native title.



How this project makes a difference

Jolleen Hicks, Ngarluma and Yindjibarndi woman, is the founder and owner of Aboriginal Insights and she has come to know the Horizon Power workplace well over the past 12 months in her role as a cultural learning provider, leading more than 400 of our employees through her 'Cultural Foundations for Workplaces – Empowering Respect & Relationships Workshop'.

'I have been a cultural education provider for 10 years and Horizon Power is the first workplace to fully embrace my cultural education workshop by committing to roll it out to all Horizon Power staff as their baseline level of cultural education,' Jolleen observed. 'I see the difference in Horizon Power. I see their understanding, pride and commitment to reconciliation. Not only have they embraced my workshop, which is modelled on my self-developed Aboriginal Engagement Framework, they have embraced and applied it to their processes.'

Jolleen feels one of the greatest benefits she received through her journey with Horizon Power is the impact she sees on the cultural safety for Aboriginal employees. 'I have seen an activation of pride and growth on the part of Aboriginal staff. That makes me so proud. I have nothing but pride and gratitude for the Aboriginal Engagement Team, and everyone at Horizon Power who has supported this important reconciliation journey for the business. I have never associated my name with a Reconciliation Action Plan, but I proudly attach my name to Horizon Power's reconciliation journey. I have witnessed authenticity through their action,' she said.

Our customers



Esperance

‘I am so grateful (to Horizon Power) for applying the bonus to our bills during COVID. It has been a huge help.’

Horizon Power residential customer

Innovative customer solutions

To meet the changing expectations, demands and energy needs of our current and future customer base, Horizon Power must continue to evolve its products, services and delivery offerings.

To this end, our ‘innovative customer solutions’ Strategic Theme keeps us focused on remaining relevant in today’s fast-changing consumer landscape.

Supporting our customers during COVID-19

The COVID-19 global pandemic continues to have far-reaching impacts on all aspects of the economy, and the energy sector is no exception. To assist our customers and communities during this unprecedented time, Horizon Power delivered more than \$40 million in relief

payments and additional support measures over the past year.

Our support extended to economic stimulus projects in many communities this year through Horizon Power’s ‘Renew the Regions’ program, playing a lead role in the regional economic recovery plan of the WA Government.

From Esperance in the South to Kununurra in the North, we are delivering energy solutions and capital projects which stimulate regional growth.

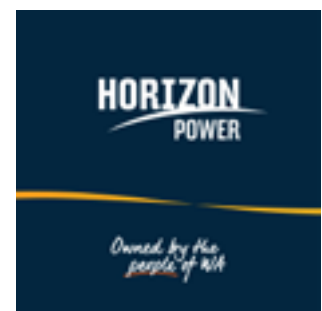
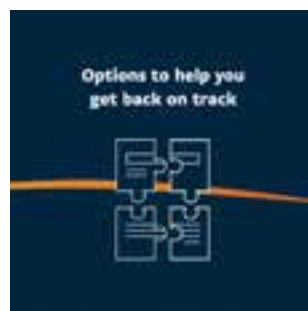
Projects range from the installation of solar panels on 30 schools through our Solar Schools effort to the establishment of more than 1,100 new energy efficient smart light emitting diode (LED) streetlights in our Derby Solar Battery and Streetlights program. More information on these initiatives may be found on pages 65-66 and 67-68, respectively.

Helping customers facing vulnerable circumstances

Providing a range of hardship accommodation measures is a standard tenet of ‘business as usual’ at Horizon Power. This year we increased our support of customers facing vulnerable circumstances, in line with our commitment to the national Energy Charter principles, as outlined below:

- We refreshed our ‘Keeping Connected’ campaign across TV, print and digital media channels. This campaign is designed to improve awareness of the support options available to our customers, encourage customers to contact us if they are experiencing financial difficulties and reduce the number of customers at risk of disconnection.

- We developed a computer program to help identify customers who might be encountering difficulty in paying their bills following the roll-off and reduction of Job Keeper and Job Seeker payments. We then contacted these customers to see if they needed assistance.
- In consultation with the Western Australia Council of Social Services, the Financial Councillors Association of Western Australia and Energy Policy WA, we expanded our hardship program and are now working with more than 100 families to help reduce their energy debt and keep the power on.
- Our outreach efforts saw us add almost 2,100 concessions to our customer accounts, many of whom were on Government benefits for the first time and were unaware they were entitled to concessions on their energy accounts.
- In our hardship program we instituted debt matching for 86 customers, often those individuals with good payment histories who had faced trying personal circumstances, ended up with significant debt and needed support to get back on even footing.
- We gave 10 customers a fresh start following family violence incidents, helping them get back on their feet as they return home and attempt to rebuild their lives.
- We worked with Services Australia and organised staff access to the Centrelink Business Portal, which allows us to validate all new concessions and ensure customers receive the maximum benefits for which they are eligible.
- We created two new permanent roles for Customer Relationship Officers in Port Hedland and Broome who will work directly with customers in that region who are facing vulnerable circumstances.



Horizon Power's 'Keeping Connected' social media campaign

This a brief list of many tangible ways we deliver on our commitment to our customers. We are dedicated to working with customers to ensure they receive all the benefits to which they are entitled and to provide solutions which help them develop good financial habits and manage their electricity bills.

Additionally, work is underway to offer pre-payment products to our customers as an opt-in solution and we expect this capability to be available in the latter half of 2021.

Our people demonstrated tremendous teamwork in getting our customers' power back on in Carnarvon after the floods in February 2021. For the first

time, we were able to use SMS notifications to keep customers quickly informed on our progress, significantly reducing the number of enquiries to our call centre.

We used a helicopter to assist us in mapping the floodplains, enabling us to better understand the flood's path through Carnarvon and to identify the most efficient way to restore power for the flood-affected community. In the midst of this intense activity, we are proud of the way our Carnarvon emergency response crew focused on continuous improvement, using data and insights to think about what we can do in the future to best support our decision making and our customers.

We expanded our hardship program and are now working with more than 100 families to help reduce their energy debt and keep the power on.



Sandbagging in Carnarvon



Improvements in the delivery of customer service

Improving our customers' experience continued to be a key focus this year, with several new initiatives created to address customer pain points.

We introduced a new direct debit by instalment option to provide customers with greater flexibility regarding bill payment. We're helping our customers save time with a new phone payment process which allows them to pay their bills without visiting a Centrelink office. We also rolled out a new collection path which allows us to design tailored, customer-centric options for credit-managed customers.

Our mobile app has been enhanced, providing new features and improved accuracy of data in our Horizon Power app, resulting in a five-star rating in the Apple Store.

Utility of the Future (UotF)

Through our UotF project, work is underway to retool the Horizon Power website, making it easier for visitors to navigate and quickly find solutions. Future enhancements will include the redevelopment of our customer portal and app, enriching the interactivity tools and improving account management capabilities currently available to our customers.

Transitioning to a customer-centric organisation

Horizon Power's 2019-2024 Corporate Strategy places our customers at the centre of how we work, with Customer Experience leading the transition to a customer-centric organisation. This will be accomplished by delivering quality customer service, leading the development and delivery of innovative customer solutions and guiding the customer transition to a highly distributed, cleaner energy future.

To achieve this change, we have been listening to our customers to better understand their service expectations and experiences and then systematically channelling such insights into priorities for change and improvement.



Horizon Power's 'Access to Solar' social media campaign

To ensure we are building our insights effectively, we have established a 'Voice of Customer' program using a range of channels including bimonthly pulse surveys, in-depth individual interviews and targeted surveying of customer groups including our most vulnerable and remote.

Horizon Power maintained its strong brand footprint overall. Significant gains were seen in customer sentiment toward 'consults with the community' particularly from residential customers, reflecting the increased program of community consultation through the past year.

Access to renewables

We increased access to renewables this year via our Solar Schools program and our Derby Solar Battery and Smart LED Streetlights projects, both a part of our 'Renew the Regions' efforts.

Our 'Voice of Customer' program has directly guided and informed a collaborative effort to tackle solar hosting capacity constraints in our regional communities. We listened to customers' concerns and contacted solar installers within the regions to seek their expectations and gather their feedback on their experience when working with us.

For our recently announced solar hosting capacity program in Broome, this resulted in:

- a phased release to provide an equitable allocation for residential customers, with a provision for business customers in the next release at the end of the year
- changing the timing of the opening of applications from midnight to 9 am
- improving the online application journey

- creating a 'smart choice' checklist for our customers to help them better understand solar PV and the process of choosing an installer.

The Broome hosting capacity release will make an additional 2,300 kW available by the end of 2021, with the first tranche offering 900 kW to residential customers in July 2021. The delivery of our first community battery projects in December 2021 will help stabilise the network for existing customers and will unlock a further 50 kW for residential customers and 1,150 kW for commercial customers. Assuming an average residential system size of approximately 5 kW, the new release means approximately 230 additional residential customers will enjoy solar access.

Broome is also the site of our Smart Sun program, an industry first for regional Australia involving a VPP. The pilot program, which ended this year, featured the installation of 'smart' household energy packages and was a joint effort with DevelopmentWA.

The success of the Smart Sun project is illustrated by the fact that 80% of participants said they would tell friends and family about the benefits they received from access to solar and battery systems.

Key highlights from the three-year pilot program included:

- Aggregate savings of \$37,500 for all participants' energy bills
- Average participant savings of \$2,500 – an approximate 70% reduction in household energy bills.

Horizon Power and DevelopmentWA have signed a memorandum of understanding and will collaborate on new regional estates, with Horizon Power providing renewable integrated energy solutions that shape vibrant and connected communities.

Supporting the regions

We relocated our primary customer call centre from Melbourne to Broome in December, bringing our customer-facing support services back home to regional WA.

The move created more jobs for locals in the regions and provides support from customer service experts living in regional WA who can empathise with and understand the unique challenges our regional customers face. The shift also supports the State's WA Recovery Plan and is consistent with our 'regions first' Guiding Principle.

Our new Customer Experience Centre, Nila Janyba, (meaning 'knowledge sharing' in the local Yawuru language) is located in the Paspaley Plaza shopping area in Broome's Chinatown.

The centre incorporates 10 new local jobs via our strategic partner Computershare, including Aboriginal traineeship positions recruited through support from the Nirrumbuk Aboriginal Corporation.

Working with the corporation and other local organisations such as the Broome Chamber of Commerce proved vital to the successful delivery of the \$2.9 million project.



Kununurra

We kept our customers informed of our 'Renew the Regions' efforts through the program's microsite, launched in early October 2020. In less than nine months, the site attracted more than 10,000 visitors and 18,600 page views, primarily generated via our corporate website, social media announcements and targeted advertising.

Further interest in the campaign was also generated through media announcements, with a high level of engagement driven by the announcement of Hybrid Systems Australia as the lead contractor for the Denham Hydrogen Demonstration Plant project, and the Minister for Hydrogen Industry's turning of the first soil at the hydrogen plant's dedicated solar farm.

Horizon Power was a finalist in the 2021 Clean Energy Council Awards for the 'Renew the Regions' campaign in the Community Engagement category and the Marketing and Communications category.

Supporting our Energy Charter commitments

Horizon Power was the first Western Australian organisation to join the national Energy Charter in 2019, demonstrating our commitment to its five principles of improving customer outcomes and delivering energy in line with community expectations.

This customer focus is embedded in our Corporate Strategy and places customers at the centre of all our decisions. One area of focus this year was on the Energy Charter's #BetterTogether initiatives, which leverage high impact areas for meaningful change to deliver better outcomes for our customers.

Our work centred on several initiatives, including establishing a customer voice at Board level, embedding our customer report as a standing Board meeting item and ensuring customer visibility at the highest levels of the organisation.

Our employees take pride in the work we are doing in this area, as we recorded a 12% uplift in employees' perception that we demonstrate a customer-centric culture at Horizon Power.

We submitted our inaugural Energy Charter Disclosure Report in September 2020 and our CEO Stephanie Unwin participated in our first Independent Accountability Panel (IAP) and stakeholder feedback session the following month.

The IAP released its formal recommendations regarding areas of industry focus, acknowledging a significant improvement across signatories in terms of support offered to customers. The IAP highlighted 13 recommendations which we assessed for their applicability to Horizon Power; these now form a part of our customer-centric organisation strategic initiative.

In alignment with our Energy Charter commitments, we also signed on to the National Customer Code for Energy Brokers, Consultants and Retailers this year, which aims to give large customers confidence that signatories are working together in their best interests and delivering value to them.



Customer Experience Centre, Nila Janyba

Bringing new jobs and local customer service to Broome

Total project cost:

\$2.9 million

Location:

West Kimberley

Key timings

- New staff recruitment
October 2020
- Contact centre operational
December 2020
- Building fit-out, February 2021
- New Customer Experience Centre
open to the public, mid-May 2021

Key works:



Relocation of our Computershare contact centre and gradual transition of calls from Melbourne to Broome



Identifying and leasing suitable property in Broome's Chinatown



Design and fit-out of all Customer Experience Centre and office space, coordinated by local architects, builders and tradespeople



Design and installation of displays and artwork in Customer Experience Centre

Project overview

Moving our contact centre operations from Melbourne to Broome brought our customer-facing support services home to a regional base. Along with ensuring we maintain our strong standard of service for customers, the shift also supports the State Government's WA Recovery Plan and is consistent with our 'regions first' Guiding Principle. We were fortunate that our partner, Computershare, chose to make this journey with us, relocating some of their own staff and working with us as we settled into a new employment model.

The development of the Customer Experience Centre supports our desire to deliver a customer-centric retail experience, demonstrating our commitment to the national Energy Charter while offering an innovative, hands-on, experiential interaction for local customers. To understand how we could improve our retail customer service delivery, we interviewed Horizon Power customer service employees to gain feedback on service interaction types, physical space and customer needs. Many of these insights were incorporated into our final design and we plan to integrate the project's key learnings into future upgrades of the Carnarvon and Kununurra depots.

In naming the centre, we consulted the Yawuru community, the traditional Custodians of the Customer Experience Centre site, through Nyamba Buru Yawuru. This engagement supported awareness of the project and consent for a name in local language that represented our intention for the new space. Known as Nila Janyba (pronounced nela janba), acknowledging the Yawuru people of the Kimberley region, the name translates from the local Yawuru language as 'knowledge sharing'. The centre provides options for customers to explore self-service kiosks or access face-to-face customer service and



Solar power hand crank demonstration

advice on their energy-related matters. The centre includes an interactive learning zone where we make understanding electricity fun, including a touchscreen map where customers can 'explore' every location where we are deploying projects; a solar power hand crank; and a model microgrid demonstrating the themes of connection and community in our electricity networks. We also have a community awareness digital display showcasing important community campaigns and critical safety messages to raise awareness and protect our communities.

How this project benefits our community

- Provides customer-facing support services from experts living in regional WA who can empathise and understand the challenges customers face
- Improved, local service options make it easier for customers in Broome or surrounding towns to visit us in person
- Creates stimulus through investment in local businesses engaged for construction and procurement activities
- Created 10 new jobs in Broome, including two Aboriginal traineeships and a Community Liaison Officer role
- New technology will allow us to better manage the risks of communication failures due to extreme weather events like flooding or tropical cyclones
- Raises foot traffic to the central business district throughout the year, including the traditionally quiet wet season, enhancing the Shire of Broome's Chinatown Revitalisation targets.



Innovative
customer
solutions



Broome team member Tehani Mahony with local customer, Stanley Djaigween

How this project makes a difference

Jodie Lynch, Retail & Community Manager in Broome, shared a recent customer interaction and reflected on how the ability to chat in person made all the difference to a long-time Broome resident. 'Stanley Djaigween is a Yawuru elder of Broome in his early 80s. Stanley either walks or rides a bike and does not use a phone, so being able to pop in when it suits him is a real benefit,' Jodie explained.

Jodie and her team recently helped Stanley when he stopped in after a visit to Australia Post next door. 'There is no street delivery in Broome, so this makes it a very handy trip,' Jodie said. Stanley visited the centre to discuss whether he was on track with his power bill, and even asked if the team could assist him in booking flights. 'Although we could not help with that request, we did support Stanley by exploring if he was eligible for additional concessions or support,' Jodie explained. 'We hope to see him again soon, as we are working with him on other ways to support him with his power account.'



Onslow Distributed Energy Resources Management System (DERMS)

Enabling high penetration distributed energy resources (DER)

Location:

Onslow, Pilbara

Key works:

Implement a DERMS to orchestrate, optimise and control customer and utility assets to support a high renewable energy power system containing:



1,341 kW of residential solar PV (261 systems)



640 kW of commercial and industrial solar PV (8 systems)



190 kWh of residential energy storage (19 systems)



361 kWh of commercial and industrial smoothing storage (8 systems)



1 MW of utility solar farm



500 kWh of utility power station BESS



1 MWh of utility network BESS



Centralised power station

Project overview

An industry leading project, the Onslow DERMS team was tasked with implementing a technology solution that would enable the Onslow power system to support a high penetration of customer and utility DER assets that would deliver up to 50% of Onslow's energy requirements via renewable energy.

Horizon Power partnered with PXiSE Energy Solutions to deliver the DERMS technology that enables the Onslow power system to operate as an advanced microgrid, combining traditional energy sources with customer solar and battery solutions to maximise the renewable energy used to power the entire town.

A key component of the technology used was the Secure Gateway Device (SGD), delivered in partnership with SwitchDin. The SGD provides the grid edge communications and compute and control capability necessary to remotely control the behind-the-meter DER assets at customer properties via DERMS.

Horizon Power also partnered with our customers to ensure mutual benefits (for both Horizon Power and the customer) and maximise the capability provided by behind-the-meter assets such as customer solar PV and BESS. The strong relationship with our customers was critical to the success of the project, and our customers are now realising the benefits with a reduction in their energy costs.

As part of this project, Horizon Power has also successfully operated the Onslow power system in 'Hydrocarbon Off Mode', providing 100% of the energy requirements of the system via a combination of customer and utility DER for 80 minutes. This significant



achievement has proven that 100% renewable generation is possible, with the next steps to focus on making this mode part of normal operation.

How this project benefits our customers

The DERMS technology overcomes the technical barriers to increasing renewable hosting capacity in our microgrids through the use of predictive analytics to maximise the amount of renewable energy while maintaining power system stability and integrity. This enables customers to install rooftop solar PV to reduce their energy costs, promoting regional growth and vibrant communities.

Long-term Onslow residents Leo and Irene Barker were the first customers to officially purchase a system and had their 6.6 kW solar panel and battery storage system installed in early May 2019. ‘There’s no shortage of sunshine in Onslow,’ the couple reflected. ‘We’re glad we took the advice of our grandson, Ash, who said we should look into this offer. We wanted to help the environment, and we’re also looking forward to the long-term ongoing savings on our power bills.’

How this project makes a difference

Horizon Power can now utilise the lessons learnt and technology capability to deploy the DERMS technology across the organisation’s microgrid portfolio where there are projected hosting capacity constraints and release access to solar PV for our customers.

In addition to the customer benefits, this will enable Horizon Power to realise our strategic goal of ‘zero refusals when connecting rooftop solar by 2025’. This technology capability also supports the following strategic goals:

- Deliver solutions to customers to reduce energy bills by 10% by 2025
- Zero new diesel by 2025
- 100% of systems with grid-based renewables by 2030
- Reduce TEC to < 35% of revenue.



Innovative customer solutions



Lead the energy transition

Our community



Fair Game program participant,
Pilbara

‘Horizon Power has supported Fair Game since the beginning. Their sustained commitment has allowed Fair Game to grow, enabling our volunteers to deliver health education and fitness programs along with recycled sports equipment to tens of thousands of children in remote, regional and underserviced communities right across Western Australia over the last 10 years. Staff at Horizon Power are actively involved through collecting pre-loved sports equipment for our Recycle & Donate program.’

Nicki Bardwell, Fair Game CEO

Community investment

Never has the importance of community been more evident than during the COVID-19 pandemic.

At Horizon Power, we aim to contribute to strong communities by actively listening, seeking community counsel and involvement, and co-creating, where appropriate, energy solutions that provide the best outcomes for our regional communities. Community investment is at the heart of who we are as we work and live in the communities we serve, and it’s a natural extension of one of our Guiding Principles. This year we redesigned our Community Investment program to ensure we support community initiatives that have the greatest impact in our communities.

We significantly increased our Community Investment budget to \$1.1 million this year, and launched our Community Partnerships program supporting not-for-profit organisations and local government authorities.

We supported 119 not-for-profit organisations in FY 2020/21, funding many for the first time with several initiatives based in some of our most remote communities.

Examples include our support of Shooting Stars with an approximate \$150,000 investment over three years to fund a full-time position to drive employment and educational opportunities to empower and create a better future for Aboriginal girls; funding a variety of events and festivals including Astro Rocks in Mt Magnet, the Ord Valley Muster in Kununurra, and the Edge of the Bay in Esperance.

Some organisations received funding for equipment and fit-out for their offices including the Pilbara Community Legal Service, Gelanyem Limited in Kununurra and the Exmouth Chamber of Commerce and Industry.

Our support of local government authority initiatives included the Shire of Halls Creek for a simulator to support driving capabilities; the Town of Port Hedland for numerous community events; and the Shire of Dundas for a safe community footpath initiative.

Additionally, in support of our ‘cleaner, greener’ Guiding Principle, we supported several conservation and environmental initiatives including the Broome Native Animal Rescue for their marine turtle rehabilitation facility.

Community engagement

Following the COVID-19 lockdown, we embarked on an ambitious community engagement roadshow from September 2020 through to June 2021, hosting 25 individual sessions across the regions. The sessions provided a platform for us to inform and engage our communities on our 'Renew the Regions' initiatives.

Our community engagement sessions were held in large regional towns as well as in small Aboriginal communities. Some sessions were held in partnership with regional Chambers of Commerce and Industry of which we are supporters and key representatives of the COVID-19 impacted small business sector.

The sessions were well received by communities, with attendees representing a range of stakeholders including residential and business customers, local government authorities, State Government agencies and not-for-profit organisations. Engagement with our regional communities is continuing through regular face-to-face meetings, attendance at workshops and representation at 'Business after Hours' and other community/business events. Community engagement is at the very core of Horizon Power's

values, and ensures we remain well connected to the communities we serve.

We're using our Integrated Resource Planning (IRP) framework to address long-term power needs in the Exmouth community. The IRP process is about engaging with our communities and stakeholders to look at ways we can continue providing energy solutions that consider their needs. The new approach involves early engagement and proper planning as the framework for a more collaborative path to major decision making that affects the regions we serve.

Our first IRP community engagement workshop in Exmouth in October 2020 was well received and attended by a cross-section of community leaders, business owners and customers. The workshop discussions fed into the options analysis that we have undertaken to determine the optimal future energy solution for the Exmouth community. Further Exmouth customer discussions are guiding our product development and we are now prioritising products we can offer for Exmouth to deliver the best value for the community and Horizon Power.

Increasing access to solar is important to the community and we're making it happen with the

purchase of a BESS, entering into a primary agreement for its installation at the Exmouth Power Station. The BESS will be in service by early 2022 and will provide more homes and businesses the option to connect to rooftop solar. For more information on our IRP work in Exmouth, please see page 92.

Social impact reporting

In support of our ambition to deliver energy solutions for regional growth and vibrant communities, we have developed a Social Impact Index. This index provides visibility on how we are delivering on our ambition and enables us to understand and measure the impact of our actions on the communities we serve.

The Social Impact Index comprises six social impact objectives aligned to regional growth or vibrant communities which are underpinned by 14 indicators of success. Horizon Power's social impact objectives include:

1. Support regional employment
2. Support regional economic activity
3. Create lower carbon communities
4. Provide affordable and sustainable electricity
5. Support businesses to thrive
6. Improve community health and wellbeing

Measuring our social impact ensures that we hold ourselves accountable to our communities; we are tangibly measuring the delivery of our ambition; and we are continually improving how we operate to create sustainable outcomes.

We will continue to measure our progress against our social impact objectives and metrics by issuing a quarterly social impact scorecard which monitors and provides commentary on the 14 indicators and six social impact objectives and whether we are delivering on our ambition.

2020/21 social impact milestones include:







- ✓ Filled 17 roles in the regions, including four employees who identify as Aboriginal
- ✓ Increased rooftop solar PV from 30.1 MW to 34.1 MW, a 13% increase
- ✓ Purchased 16.2 GWh of renewable energy from our customers, up 55% from FY 2019/20
- ✓ Awarded 5.5% of contracts > \$50,000 to Aboriginal businesses, a 28% increase over the prior year.

In the year ahead, we will:

- ✓ Increase the uptake of rooftop solar and purchased energy from Horizon Power customers, enabled by BESS installations in regional towns
- ✓ Reduce emissions through the installation of centralised renewables
- ✓ Increase procurement from regional suppliers from our capital investment program in FY 2021/22.

Social Impact Index

The Social Impact Index is 176 in Q4 FY 2020/21

Regional Growth		Vibrant Communities			
Regional Employment	Regional Economic Activity	Lower Carbon	Affordable and Sustainable	Thriving Businesses	Community Health & Wellbeing
					
<p>Since FY 2019/20:</p> <ul style="list-style-type: none"> • Horizon Power has filled 17 regional roles, including 5 in the Kimberley, 2 in the Pilbara, 5 in Gascoyne/Mid West, and 5 in the Esperance/Goldfields. • Of these roles, 4 employees identify as Aboriginal. 	<p>For the 12 months to Q4 FY 2020/21:</p> <ul style="list-style-type: none"> • Excluding purchases of electricity from IPPs, regional supplier spend has increased 2% to \$13.37 million. • Goods and services were procured from 358 unique regional suppliers: 29% were in the Kimberley, 27% in the Pilbara, 17% in Gascoyne/Mid West and 27% in Esperance/Goldfields. 	<p>For the 12 months to Q4 FY 2020/21:</p> <ul style="list-style-type: none"> • Overall emissions increased only 0.2%, with the Pilbara seeing a decrease in emissions since the last quarter due to lower electricity sales. • Total approved rooftop solar has increased by 4 MW (13%) to 34.1 MW; 49% of this uptake was attributable to A2 customers and 51% to a variety of business tariffs. 	<p>For the 12 months to Q4 FY 2020/21:</p> <ul style="list-style-type: none"> • Horizon Power purchased 16.2 GWh of renewable energy from customers, up 55% from FY 2019/20. • Monthly A2 customer energy bills decreased 2.8% (\$6.60 lower on average) compared to FY 2019/20. Customer bills were lower in all regions except Gascoyne/Mid West which saw an increase of 2.9% (\$4.20 higher on average). 	<p>For the 12 months to Q4 FY 2020/21:</p> <ul style="list-style-type: none"> • Total number of L2 and L4 business customer accounts has increased 2.4% to 5,509, with the Pilbara and Kimberley seeing the largest growth of 4%. • 5.5% of contracts were awarded to Aboriginal businesses, 28% higher than FY 2019/20 	<p>For the 12 months to Q4 FY 2020/21:</p> <ul style="list-style-type: none"> • Employees volunteered on average 1.25 hours, 62%, more than in FY 2019/20. Esperance/Goldfields employees volunteered on average 5.3 hours, followed by the Pilbara with 1.7 hours per colleague. • The community partnership program invested \$941,000, 254% more than FY 2019/20.

Safety awareness

Safety of the communities we serve is a key priority. We continue to deliver community safety campaigns to educate the public on potential hazards associated with the use of – and interaction with – electricity, as well as seasonal issues such as cyclone and storm awareness.

We delivered several electrical safety campaigns this year, including Electrical Pillar Awareness, Shocks and Tingles, Vegetation Management, Safety in Your Hands (farm safety) and the Stay 10 Metres Away (cyclone and storm safety) campaigns.

These campaigns were designed to educate customers by providing safety knowledge and preparedness in the event of an incident, while also safeguarding our electrical infrastructure.

Customer campaigns

We are committed to achieving our energy affordability Strategic Goal, aiming to reduce customer bills by 10% by 2025. We delivered targeted customer campaigns to help customers manage their electricity accounts, subsidies, concessions and assistance programs.

We are committed to achieving our energy affordability strategic goal, aiming to reduce customer bills by 10% by 2025.

These campaigns included Air-conditioning Rebate, Concessions and Rebate Card, Progressive Bill Payments, WA Household \$600 Electricity Credit, and Keeping Connected (Covid-19 support measures).

Additional customer assistance campaigns included the promotion of our mobile app and outage feature:

- The Horizon Power app offers important energy usage information, energy saving tips, payment history, and estimated next bill amount – a valued customer service feature
- We introduced a new power outage feature in September 2020, providing customers with timely access to planned and unplanned power outages, developed to address an identified customer pain point of unknown power outages causing significant distress. The feature is accessible via the Horizon Power app and the company website.

Feasibility study – modernising microgrids for our Aboriginal communities

As part of the Regional and Remote Communities Reliability Fund Microgrids FY 2019-20 grant program, Horizon Power received feasibility funding to establish a business case to transition 14 Aboriginal communities in and around the Ngaanyatjarra (NG) Lands to utility-grade electricity services.

The key priorities of the business case include the delivery of:

- modern, clean, lower cost solar-diesel hybrid generation
- upgraded, safe, utility-owned and operated distribution networks
- user pays retail, including pre-payment billing, smart phone application
- local Aboriginal procurement and employment outcomes.



Community engagement around the regions

The study was set to commence last year, however we experienced delays due to COVID-19 and an early wet season. In early 2021, we conducted site visits to Cosmo Newberry, Warburton (Milyirtjarra), Jameson (Mantamaru), Blackstone (Papulankutja), Wingelina, Warakurna, Tjukurla, Kiwirrkurra, Wanarn, Tjirrkarli and Mulga Queen.

The purpose of these initial visits was to meet key stakeholders, provide project insights, seek feedback on power services and inspect the power generation facilities and distribution systems, after which we completed a community engagement and distribution assessment report. Follow up site visits to conduct broader community engagement assessments are planned for early in the new financial year.

With conceptual hybrid solutions developed, the market will be engaged early in the new

financial year to inform the proposal for community and government consideration.

Kalumburu – Remote Communities Centralised Solar (RCCS)

The Kalumburu RCCS project (700 kW solar farm and 1,784 kWh battery) was expected to start in mid-2020 but experienced significant delays in community engagement and construction due to:

- COVID-19 related biosecurity measures and travel restrictions into remote communities
- significant damage to the access road during the wet season.

As the repair works were expected to be completed in late June 2021, the current plan to mobilise as consulted and approved by the Kalumburu Aboriginal Corporation (KAC) is July 2021, with the project expected to be completed by December 2021.

Aboriginal Community Embedded Networks

The Aboriginal Community Embedded Networks Regularisation program is standardising the electricity supply, future operations and maintenance of 13 Aboriginal communities across regional WA. Prior to this project, the overhead and underground electricity infrastructure in these communities were not owned, operated or maintained by Horizon Power.

Through this program, we are now upgrading the existing infrastructure, where required, and transferring ownership (poles and wires or underground cables) and ongoing responsibility to Horizon Power, enabling us to provide and manage reliable power in our State's most remote communities.

Communities included in this program include:

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

Initial engagement for this project involved several site visits to each community to discuss project scope, timeline and deliverables. From this, we consulted with communities about transferring ownership of the local overhead and underground infrastructure, and consent was then obtained.

Work has commenced at a number of communities to inspect and upgrade the infrastructure; the project is on track for completion early in 2022.

Supporting local Aboriginal businesses

We are committed to creating opportunities for our Aboriginal businesses and implementing a range of initiatives to support local, established and emerging companies, contributing to strong economic development and in alignment with our Guiding Principles.

We continue to make significant progress in identifying contract opportunities and are encouraged by the three-year extension of the State Government's Aboriginal Procurement Policy through to 2024. In our third year of delivery of the policy, we exceeded our target of 3% by delivering 5.5% of our contracts valued at \$50,000 or above to registered Aboriginal businesses.

In FY 2020/21 we secured contracts with Aboriginal businesses valued at \$2,268,499 and since the implementation of the policy, we have awarded \$5,822,499 in contracts.

In recognition of our evolving requirements, the Aboriginal procurement position is now a permanent and ongoing role. To better reflect the role's focus on current and future

supplier development, it has been renamed the Aboriginal Procurement Development Officer. This business development approach to targeted procurement has an economic multiplier effect, increasing opportunities for our regional-based suppliers and positioning them for long-term business success.

**Contracts awarded¹
(FY 2020/21) – \$2,268,499**

Total contracts awarded since Aboriginal Procurement Policy implementation (1 July 2018) – \$5,822,499

Actual spend² (FY 2020/21) – \$2,657,634

Actual spend since Aboriginal Procurement Policy implementation – \$3,939,554

Notes

1. The contract award estimates are based on the contract term and not the financial year. Spends on these contracts will only be reached over the life of each contract.
2. The actual spend is based on the amount invoiced against each contract.

Table 5: Contracts awarded to Aboriginal businesses by region (FY 2020/21)

Regions	Value of PO's (\$)	Value of HP contracts (\$)	Total (\$)	%
Esperance/Goldfields	51,845	-	51,845	2.29%
Kimberley	243,779	1,004,538	1,248,317	55.03%
Mid West	5,000	-	5,000	0.22%
Perth Metro	115,847	447,000	562,847	24.81%
Pilbara	400,490	-	400,490	17.65%
Total	816,961	1,451,538	2,268,499	

Developing an accessible and inclusive community

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

Our progress this year includes the following:

- With the refurbishment of existing depots and the creation of new depots in regional locations, we have ensured that accessibility standards were met during the planning and design phase.
- Horizon Power’s new Customer Experience Centre, Nila Janyba, in Broome was designed to ensure Disability Access and Inclusion were front of mind. To ensure the centre is and remains accessible to all, regular meetings are being held with the North Regional TAFE and their AccessAbility Coordinator.
- We continue to use Kriol in our radio advertising on Aboriginal community stations

and we have also engaged the services of VideoAsk, an online asynchronous video survey tool that engages with Aboriginal customers to gather insights on a range of topics. The survey is available by reading text in English, listening to a local person ask the questions in Kriol or English, or by interacting with an Aboriginal person through video.

- We refreshed the Horizon Power brand early this fiscal year, including colour palettes and fonts specifically developed to ensure they complied with Accessibility standards. In addition, all corporate videos, television commercials, digital and social media videos are produced with closed captions.



Solar Schools

Reducing the average annual electricity bill for regional schools

Total project cost:

\$5 million

Location:

Esperance/Goldfields, Gascoyne/
Mid West, Kimberley, Pilbara

Key timings

- Installations commenced in December 2020
- Program planned for completion December 2021

Key works:



Install rooftop solar panels on 30 individual primary and secondary schools throughout regional WA



Program will deliver more than 2.1 MW of solar panels, with anticipated \$1.7M annual savings



SolarWeb app will provide individual schools (and the WA Department of Education) with real-time access to solar system performance, allowing schools to view their past and present power production and consumption



Currently working with the WA Department of Education to expand the Solar Schools program to a further 18 Kimberley and 10 Pilbara schools



Currently working with the WA Department of Education to implement Bright Horizons in-class and online educational curriculum, provided to schools to encourage students to learn more about renewable energy and improve learning outcomes

Project overview

As energy costs often comprise a significant part of a school's operating budget, Horizon Power is partnering with the WA Department of Education to install rooftop solar on schools within our regions as part of the Solar Schools program. In total, we plan to install and commission 2.1 MW rooftop solar PV systems on 30 public schools.

Scaddan Primary, a tiny rural school with just 27 students and three teachers located in the Goldfields region of WA, was the first school to receive rooftop solar panels as part of the Solar Schools program in December 2020. The Scaddan community, named after The Hon. John Scaddan, WA Premier from 1911-16, was impacted by devastating bushfires in November 2015 which came close to destroying the school. However, the resilient community has rebuilt itself over time and the school is once again thriving, although trees on the property still show black scars from the flames.



Scaddan Primary



Scaddan Primary School students with Stephanie Unwin, Horizon Power CEO



Bright Horizons program materials

How this project benefits our community

- Our community-first approach will drive regional energy infrastructure upgrades that will stimulate the local economy through jobs and procurement opportunities
- Our contractor will help us employ regional-based personnel, which includes a commitment to Aboriginal employment with four new Aboriginal trainees working in the Solar Schools program
- The installation of solar panels will reduce annual greenhouse gas emissions by 2,100 tonnes per annum, equal to eliminating 400 cars from the road
- The size of a school solar system installation is matched to meet the needs not only of each school but also of its respective community
- The program will decrease Department of Education energy costs by 27% for participating schools.



Innovative customer solutions



Lead the energy transition

How this project makes a difference

A strong relationship is at the heart of what makes this program a success, according to John Fischer, the Executive Director of Infrastructure at the WA Department of Education. ‘We sought to do this in partnership, allowing us to communicate openly about what benefits each party,’ John explained. He believes Solar Schools illustrates the value of working across agencies. ‘When a problem arises, you come together to overcome challenges and make things work. It changes the whole mindset and helps align the interests of all stakeholders – the Department, the power provider, the school, the students and the community.’

Scaddan Primary School has a strong environmental focus, and the school council and

P&C have been champions of the Solar Schools initiative. ‘The reduction in our power costs has allowed the school to redirect savings into student learning. Not only are we deploying our savings to enhance student outcomes, but we are also using our solar panels themselves as a learning resource,’ Ashleigh Dixon, Scaddan Primary School Principal, explained. ‘Each classroom has access to a website that shows real-time data on how much solar is being used as well as how much energy is being saved.’

‘The solar project has presented authentic connections to curriculum and the learning opportunities are endless! We thank Horizon Power for supporting Scaddan Primary School in innovatively paving the way toward a more sustainable future.’

CASE STUDY

Derby Solar Battery and Smart LED Streetlights

Reducing energy costs and lowering greenhouse gas emissions

Total project cost:

\$2.5 million

Location:

Shire of Derby/West Kimberley

Key works:



Installed 283 kWh of solar PV across Shire buildings



Installed approximately 1,100 new energy efficient smart LED streetlights



Installation of a commercial grade solar system and a 400 kW/279 kWh solar smoothing battery energy storage system within the Derby township



Installation of a community-led art project, creating a 7m x 2m mural at the Derby Memorial Swimming Pool



Derby street lights

Project overview

The Shire of Derby/West Kimberley includes the towns of Derby, Fitzroy Crossing and Camballin, as well as the Aboriginal communities of Mowanjum, Looma and Yungngora. The harsh environment and remote location of these towns and communities result in a high cost to supply electricity.

We identified that one of the most cost-effective ways to reduce community energy bills and minimise greenhouse gas emissions would be to install roof-mounted solar PV systems across the Shire's portfolio of buildings. We also recognised that if we replaced the Shire's existing conventional streetlights with smart LED streetlights, we could further reduce the Shire's annual energy bills. The Shire is connected to our grid, and as such, will have visibility of their streetlight assets to ensure they are being accurately billed. In addition, we will be able to identify outages in real-time, allowing us to optimise streetlight performance.

How this project benefits our community

- Our 'community first' approach will drive regional energy infrastructure upgrades that will stimulate the local economy through jobs and procurement opportunities
- The recommended option will deliver significant energy cost savings to the Shire of Derby/West Kimberley and Derby Hospital, while reducing emissions
- The savings from lower energy costs will free up funds that the Shire can reinvest into community development initiatives
- The recommended smart LED streetlight option will improve night-time visibility, thereby helping improve safety and traffic-related matters at night within the Shire of Derby/West Kimberley
- Maintenance costs will be substantially reduced due to the increased lifespan of LED lights (up to 50,000 hours).



Innovative customer solutions



Lead the energy transition



Derby Shire building



Derby community art project, solar shade structure, Derby Memorial Swimming Pool

How this project makes a difference

Horizon Power partnered with Aboriginal owned, local Kimberley business Remote Solar Solutions, led by Managing Director Duane Russ, to deliver this project. Lisa Russ, Director at Remote Solar Solutions, described the process as a positive learning experience for their team, leaving them well placed to take on larger projects of this nature in the future. 'The level of compliance, and the standards required by Horizon Power, are above and beyond what is standard in the industry of solar installations, certainly within WA,' Lisa reflected. Remote Solar Solutions invested in its people, management systems and equipment, enabling them 'to meet these standards and now we can be a leader in the Kimberley, promoting our business as a gold standard in terms of safety procedures because of our successful experience with this project,' Lisa said.

Partnering with a local supplier was a win/win for both Horizon Power and the community. 'Because we are local to Derby, we know everything that's available here and were able to leverage our pre-established networks,' Lisa explained. This local knowledge allowed the company to efficiently source product, plan for multiple contingencies for services and deliveries, and have a better understanding of environmental conditions in the region.

Dylan Heath, Horizon Power Program Manager, echoed Lisa's sentiment regarding the power of these local connections. 'Remote Solar Solutions did a great job of levelling up on this project. It isn't easy to make the jump to utility-grade works but it is critical that Horizon Power supports a process like this, enabling us to have a strong, regional-based

supply chain,' Dylan explained. Not only did Remote Solar Solutions deliver on the necessary safety and quality expectations throughout the project, they also employed three local employees. 'I look forward to leveraging the lessons learned here for future projects, to ensure we are doing our best to drive maximum benefit for Horizon Power customers and businesses based in our service areas,' Dylan said.

The Shire of Derby/West Kimberley is pleased to have participated in the Horizon Power solar upgrade initiative, including the installation of new streetlights. Horizon Power anticipated that the annual energy savings to the Shire would be \$170,697, with \$136,463 savings from the solar systems, and \$34,234 from the streetlights.

Shire President Geoff Haerewa welcomed the investment in solar PV systems on Council buildings, as well as a large-scale solar panel and battery and the replacement of streetlights with energy efficient LEDs in the Derby community. 'The investment in solar will enable us to improve the Shire's renewable energy footprint, allowing more money to be available for community programs and services,' Councillor Haerewa said. 'The energy efficient LED smart lighting is also improving security on our streets and helping keep our community safe.'

In addition to the environmental and financial benefits, the project has improved community amenity through the Derby Memorial Swimming Pool solar shade structure and youth mural. Councillor Haerewa reflected that these elements add vibrancy to a popular community facility and are a great example of the potential social benefits of a project like this.



Our environment



Smart Sun, Broome



‘We need to rediscover how to be sustainable and move from being apart from nature and become a part of nature once again.’

Sir David Attenborough

We are committed to delivering a safe, reliable electricity supply in an environmentally sustainable and responsible manner consistent with our ‘cleaner, greener’ Guiding Principle.

We recognise that our innovative programs and ongoing management procedures must protect the rights of future generations to a sustainable and diverse natural environment.

We look for every opportunity to enhance environmental performance and to contribute to sustainable practices.

We are committed to measuring our environmental actions in order to improve our performance, allocate resources efficiently and identify areas for development.

We measure our environmental performance by using several performance indicators.

We maintain rigorous processes to proactively manage environmental activities, provide ourselves with the necessary tools to identify environmental risks and opportunities, and meet legislative compliance while striving for continual improvement in environmental performance.

Our approach to climate change

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

Acknowledging these impacts, in FY 2020/21, we have begun the journey to disclose climate-related risks in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures and seek to increase our alignment over the coming years.

We acknowledge the risks and opportunities associated with climate change, and the important role we play in the collective mitigation and adaptation actions required to respond to this challenge.

As we undertake our climate change journey, we are committed to supporting the Western Australian Government's

aspiration for net zero emissions by 2050 consistent with the Western Australian Climate Policy, released in 2020, and progressing our own net zero commitments that align to customer and community expectations.

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

- Increasing our diverse portfolio of centralised renewable generation
- Facilitating the transition to DER by undertaking the infrastructure upgrades and research projects that remove barriers and empower customers to access their own renewables
- Developing net zero transition pathways, exploring our entire portfolio of emissions to identify opportunities for decarbonisation in support of our 'cleaner, greener' Guiding Principle.



Gantheaume Point, Broome

Additionally, we seek to further our understanding of the potential physical impacts of climate change on our assets and communities. We made progress this year in modelling the potential impacts of cyclones, bushfire, floods and temperature under multiple possible climate scenarios on a pilot site.

Understanding the physical risks that a changing climate poses to our assets allows us to respond through asset management, system enhancement and technology and engineering improvements.

These actions enhance our service reliability and asset resilience to best support regional Western Australians who live and work in some of our world's harshest environments.

This reality is one of the drivers of our 'lead the energy transition' Strategic Theme, which sees us exploring opportunities for new, cleaner energy solutions and fuels. There is a strong connection between Horizon Power's existing Corporate Strategy and our commitment to proactively respond to climate change.

As a GTE, we support the Western Australian Climate Policy which identifies many of our goals and projects as key steps in the State's response to climate change.

We are working closely with other GTEs, Synergy and Western Power, in collaboration with Energy Policy of Western Australia's Transformation Task Force (ETTF) and EPWA Consumer Advocate, to enact change to ensure the delivery of secure, reliable, sustainable and affordable electricity for Western Australians into the future.



Esperance/Goldfields coast

Greenhouse gas and carbon intensity

We report total annual greenhouse gas emissions as carbon dioxide equivalent (CO₂-e) (shown in Table 6), in accordance with the *National Greenhouse and Energy Reporting Act 2007* (NGER).

CO₂-e emissions attributed to Horizon Power were slightly lower in FY 2020/21. This follows an increase in such emissions in FY 2018/19 due to the newly-constructed Onslow power station moving to our operational control from an independent power producer (IPP) in July 2018.

The Clean Energy Regulator will make our FY 2020/21 CO₂-e emissions publicly available in the first quarter of FY 2021/22.

An estimate is made for Scope 1 emissions (direct)¹ based on available information as of 8 July 2021. Because Scope 2 (indirect)² emissions are more complicated to establish in accordance with NGER, they cannot be accurately estimated at the time of publishing this Annual Report.

Carbon intensity of our retailed emissions³ total operations, measured as kilograms of CO₂-e per kWh of electricity sent out, is a key measure of the greenhouse gas emissions performance related to energy production, inclusive of IPPs. Reducing carbon intensity demonstrates improved greenhouse gas emission efficiency and is therefore an important indicator with respect to climate change.

Carbon intensity is primarily influenced by IPPs, with Horizon Power-operated power stations having a relatively low influence on total values. During the reporting period carbon intensity was slightly higher, due to a shift in generation mix in the NWIS and slightly lower demand at 0.56 kg CO₂-e/kWh, but within the internal target of 0.65 kg CO₂-e/kWh, as shown in Table 7.

Air emissions

We reported annual air emissions for the FY 2020/21 period to the National Pollutant Inventory (NPI) for sites exceeding the NPI reporting thresholds. These reports and information on reporting requirements are publicly available on the NPI website (www.npi.gov.au). An estimate of combined air emission data from all our generation facilities is provided in Table 8.

Total sulphur dioxide (SO₂) and normalised SO₂ emissions, shown as kg/MWh (generated), were slightly higher than previous years, primarily due to an increase in the number of reportable engines included in calculations.

The decrease in total emissions of oxides of nitrogen (NOx) can be attributed to an overall decrease in the amount of gaseous fuel consumed. Normalised NOx emissions slightly decreased in comparison with the previous year. This can be attributed to a proportional increase in natural gas consumption for electricity generation as opposed to diesel. Normalised NOx emissions are shown as kg/MWh (generated) in Table 8.

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

1. Direct emissions of greenhouse gas into the atmosphere from sources that are owned or controlled by the company, such as emissions from combustion in owned or controlled engines or equipment.
2. Indirect emissions of greenhouse gas from the generation of purchased electricity consumed by the company. This includes purchased electricity consumed in depots/offices, as well as line losses in networks operated by Horizon Power.
3. CO₂-e emissions produced by both Horizon Power and IPP during electricity generation.

Noise

No noise complaints were received during the year.

Management of contaminated sites

The management and remediation of historical and predominantly inherited contamination impacts arising from operational activities at former power station sites continue to be a success story for us.

Our contaminated sites portfolio includes six sites still under open investigations and 24 sites now considered as completed with no further contamination investigations required. The sites are typically former power stations where historical spills or leaks of hydrocarbons have affected soil or groundwater.

The portfolio is managed in accordance with a risk-based strategy, where key objectives are to achieve remediation targets and end-point classifications under the *Contaminated Sites Act 2003*.

During this reporting year we completed several remediation projects and contaminated site investigations, as follows:

- Remediation/investigation of sites in Exmouth, Fitzroy Crossing, Marble Bar, Onslow and Wyndham
- The Fitzroy Crossing, Mount Magnet and Onslow sites have each subsequently been reclassified to end-point classifications this year.

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

Environmentally Sensitive Areas Program

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

Regulatory instruments

We maintained our environmental licence for the Karratha Temporary Generation Project¹ meeting all reporting obligations required under the licence. Mungullah Power Station remains a registered premises² with no associated reporting requirements.

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

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

In FY 2020/21 we also held three Authorisation to Take permits for Declared Rare Flora species in Esperance, granted by the Department of Biodiversity, Conservation and Attractions. Compliance reports have been submitted to the respective departments in accordance with the applicable permit reporting conditions.

Environmental incidents

There were no reportable environmental incidents during the reporting year.

Table 6: Greenhouse gas emissions (tonnes CO₂-e) FY 2016/17 to FY 2020/21

Reporting year	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Total energy consumption (GJ)
2020/21	42,411 ³	Final figures are reported to CER by 31 October 2021 and published Q1 FY 2021/22	
2019/20	45,093	22,731	1,022,051
2018/19	45,516 ⁴	28,587	1,027,585
2017/18	38,799	32,504	911,047
2016/17	79,623	31,939	1,305,159

Table 7: Carbon intensity of sent-out electricity, actuals and targets FY 2016/17 to FY 2020/21

Reporting year	Carbon intensity, kg CO ₂ -e / kWh sent out	Target intensity, kg CO ₂ -e / kWh sent out
2020/21	0.56	0.65
2019/20	0.54	0.65
2018/19	0.55	0.65
2017/18	0.55	0.65
2016/17	0.56	0.65

Table 8: Summary of air emissions FY 2016/17 to FY 2020/21

Air emissions summary		2020/21	2019/20	2018/19	2017/18	2016/17
Sulphur dioxide (SO ₂)	Total (tonnes)	0.2	0.2	0.4	0.2	0.4
	kg/MWh (generated)	0.004	0.003	0.006	0.004	0.004
Oxides of nitrogen (NOx)	Total (tonnes)	385	451	439	441	461
	kg/MWh (generated)	5.73	5.80	6.09	6.77	3.91

1 Licence L8745/2013/1 granted under Part V of the *Environmental Protection Act 1986* (EP Act) for a category 52 prescribed premises as defined by Schedule 1 Part 1 of the *Environmental Protection Regulations 1987*.

2 Registration R2385/2014/1 granted under Part V of the EP Act for a category 84 prescribed premises as defined by Schedule 1 Part 2 of the *Environmental Protection Regulations 1987*.

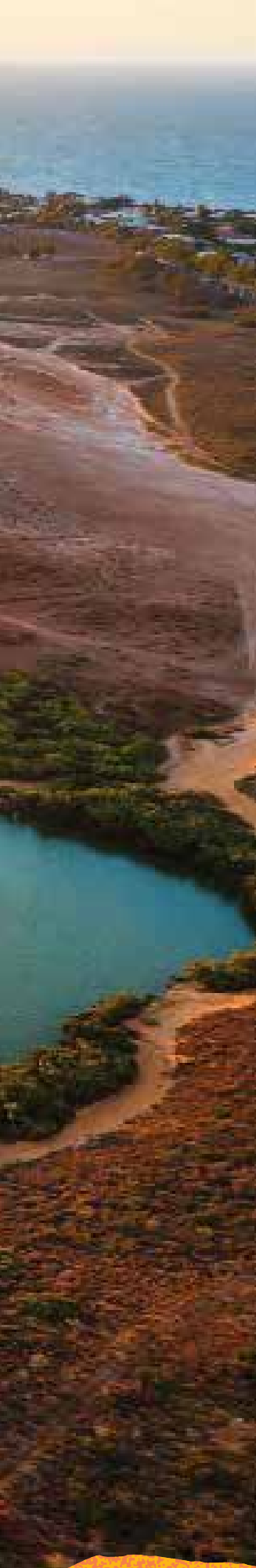
3 Estimated as at 8 July 2021.

4 A publishing error reported estimated emissions in an order of magnitude higher in the 2018/19 Annual Report.

An aerial photograph of a coastal landscape at sunset. A winding river flows through a mix of green vegetation and brown, sandy or muddy terrain. In the background, a coastal town is visible under a warm, orange sky. The river curves from the top left towards the bottom right of the frame.

● Heritage and native title

● 6 Mile Creek, Port Hedland



‘We are all visitors to this time, this place. We are just passing through. Our purpose here is to observe, to learn, to grow, to love... and then we return home.’

Australian Aboriginal proverb

Horizon Power understands that communities can be positively impacted by power supply projects. Building strong, respectful partnerships with people and communities is fundamental to achieving our goals for reconciliation, serving our customers effectively, and reflecting the community in which we live and do business.

We continue to work closely with community councils, Traditional Owners and Custodians of the lands on which we operate, aiming for genuine engagement by

building trust through early and ongoing communication, setting appropriate timeframes for consultation, and demonstrating cultural awareness.



Mudjar Aboriginal Corporation, Esperance

Native title and heritage compliance

Aboriginal people form an integral part of our customer base. We will build on our existing relationships with the Aboriginal communities we service through Service Area Heritage (SAH) agreements.

These agreements are designed to enhance levels of collaboration, promote mutual understanding of heritage values – including greater awareness for the cultural heritage values specific to a particular area –

and facilitate regular meetings with Traditional Owners and community groups.

In November 2020, Horizon Power took a significant step toward achieving our long-term goal of having heritage agreements in place for all service areas by executing our first SAH agreement with Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC).

The Esperance Nyungar Alternative Heritage Agreement outlines responsibilities for

heritage assessments and management procedures and formalises an approach to working together with the Esperance Nyungar people to ensure a continued supply of safe and reliable power in a culturally sensitive and appropriate manner.

Across all our service areas, we continue to operate in accordance with our heritage management processes, and as a result, no potential or actual breaches of the *Aboriginal Heritage Act 1972* were recorded during this financial year.

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

Cultural heritage monitors were engaged to assist in protecting cultural values during ground-disturbing works for operational and project-related activities, including with Nyungar people in Esperance, Ngarluma people in Karratha, Murujuga people on the Burrup Peninsula and Malgana people in Denham.

West Kimberley land negotiations

The Aboriginal Strategy and Engagement team is working with our Sustainability team and Community Liaison Officer in the West Kimberley region to negotiate the acquisition of land in support of the West Kimberley Centralised Solar Project for future solar power supply to Ardyaloon, Beagle Bay, Bidiyadanga and Djardindjin.

The current power arrangement for these communities is set for renewal in early 2023. In developing a plan for future solar power supply, Horizon Power is seeking to secure additional land

to change the energy mix and deliver cleaner, greener energy solutions for our communities. To achieve this, we aim to reduce our reliance on diesel generators and integrate more sustainable and environmentally friendly energy sources such as the use of solar and batteries.

Initial engagement for the project focused on the broader community, with briefings conducted with relevant Aboriginal corporation leadership and governance teams. Currently, Horizon Power is engaging with Traditional Owner groups through the Prescribed Body Corporates (PBCs) which oversee native title and cultural heritage matters.

The negotiations are expected to deliver benefits for both Traditional Owners and community members of each site:

- Traditional Owners will be compensated for land acquired via an Indigenous Land Use Agreement (ILUA), where required under the *Native Title Act 1993*
- Community members will share in a portion of the forecasted cost savings from Horizon Power's reduction in diesel consumption through the establishment of a Community Energy Fund.



Karratha



Directors' report

Corporate governance

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

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

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

In practical terms, the framework:

- provides structure and consistency to the way we do business with our customers and stakeholders
- allows employees to respond to situations as they arise with confidence understanding the requirements of the business
- promotes our performance drivers and corporate governance principles, systems and practices, including the roles, responsibilities and authorities of the Board and executive

- is aligned with our strategic and business plans
- provides accountability and control systems commensurate with the risks involved
- is an essential component to 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 assists us to realise the benefits that accrue from a conscious, structured and dynamic approach to the management of risk. This means our employees can perform their activities in a responsible, thoughtful, knowledgeable and consistently professional manner, contributing to our overall direction and success.

Our Corporate Risk Management Framework is aligned to the ISO 31000:2009 standard and includes processes to identify, assess, monitor, report and escalate risk exposures to management.

The Framework:

- applies to everyone including the Board of Directors, the executive team and all other employees and contractors

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

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

Board of Directors

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

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

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

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

- **Ms Samantha Tough**, Chair
- **Mr Peter Oates**, Deputy Chairperson
- **Professor Ray Wills**, Director (term concluded 23 August 2020)
- **Ms Kylie Chamberlain**, Director
- **Ms Ivy Chen**, Director (term commenced 23 August 2020)
- **Mr Michael Court**, Director
- **Ms Sandra Di Bartolomeo**, Director
- **Ms Gail Reynolds-Adamson**, Director



Ms Samantha Tough
Chair

Appointed 26 November 2019

Samantha has a distinguished career and extensive experience across the energy and resources sectors. She is currently a director of Fluence Corporation Limited, Clean Energy Finance Corporation, 3D Metalforge Ltd and Chair of the Council of Australian Governments (COAG) National Energy Selection Panel. She has previously served on a number of boards including Saracen Mineral Holdings Ltd, Synergy, Retail Energy Market Company and her executive career includes Woodside Energy and the Commonwealth Bank. Samantha is also the Pro Vice-Chancellor of Engagement at the University of Western Australia.

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



Mr Peter Oates
Deputy Chairperson

Appointed 11 November 2014
Appointed Deputy Chairperson
November 2018

Peter has more than 40 years' experience in the Western Australian electricity industry. His experience is mainly in the financial area, including roles as the General Manager Finance and Administration and as the General Manager Emerging Business, which included the development of renewable projects for Western Power prior to its disaggregation in 2006.

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

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

Peter was nominated as Chair of the Audit and Risk Management Committee upon his appointment to the Horizon Power Board in November 2014.



Ms Kylie Chamberlain
Director

Appointed 30 April 2018

Kylie is an accomplished and experienced banking and finance executive with more than 20 years' experience within the industry. Across various senior roles with prominent Australian banking and financial institutions, she has garnered broad market exposure to a variety of industries and brings acumen in the key areas of finance, strategy, culture, governance and risk.

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

Kylie is currently a non-executive director of West Coast Fever Netball Club Limited.



Ms Ivy Chen
Director

Appointed 23 August 2020

Ivy is Manager of the Corporate team and a Principal Consultant with CSA Global. She is a corporate governance specialist and has led mine geology and resource estimations teams in China and Australia. Her previous roles included a national adviser for geology and mining for the Australian Securities and Investment Commission (ASIC); she was heavily involved in the ASIC contribution to the 2012 JORC Code update, the 2015 VALMIN Code and the ASX listing rules for mining and oil and gas. Ivy was awarded an Australian Public Service Medal in 2013 in recognition of her outstanding services for this work.

Ivy was also the first woman to Chair the Perth branch of the Australasian Institute of Mining and Metallurgy (AusIMM) in 2013 and 2014 and is currently a national director of AusIMM. Ivy is also a director of Multicultural Futures, Take It Seriously and Football West, and a board member of the Football Futures Foundation.

Ivy has been a Women in Mining WA mentor for women in the mining industry since 2013, and for at-risk high school students with The Smith Family, through their iTrack online mentoring program.



Mr Michael Court
Non-Executive Director

Appointed 9 July 2019

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

Michael was appointed Deputy Under Treasurer in September 2016.

In his role, Michael assists the Under Treasurer in the management of Treasury, with a primary focus on whole-of-government budget management and fiscal strategy and other priority strategic issues. He is also responsible for Treasury's corporate service functions and providing advice and strategic direction on public sector reform issues.

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



Ms Sandra Di Bartolomeo
Director

Appointed 20 November 2018

Sandra has significant experience as a banking and finance lawyer, specialising in corporate, mining, energy, construction 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, most recently leading the Corporate and Institutional Bank Legal team in Western Australia and Queensland.

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



Ms Gail Reynolds-Adamson
Director

Appointed 20 November 2018

Gail is an Esperance Nyungar woman living in Esperance. She is currently the Chairperson of the Esperance Tjaltjraak Native Title Aboriginal Corporation RNTBC (ETNTAC), a position she has held since the Corporation's establishment in 2015.

Gail is also Chairperson of South East Aboriginal Health Service, and a member of South West Marine Parks Australia Committee, and of the Aboriginal Advisory Council WA, generally known as the Western Australian Aboriginal Advisory Council.

She is currently the Managing Director of Indigenous Consulting Group, founded in 2006. Indigenous Consulting Group is an Aboriginal-owned, managed and run specialist training and strategic development company.

Gail works with various companies across a number of industries to assist their board members and employees to understand, communicate with and effectively interact with Aboriginal people. She has an in-depth understanding of her culture which has assisted with the development of strategic alliances and partnerships with Aboriginal people, government agencies and the private sector.

Gail is a descendant from the Noongar, Mirrnning and Nudju peoples and has vast knowledge of Aboriginal cultures, understanding the need to operate in different ways to respect different cultural sensitivities. Gail has forged long-term relationships with Aboriginal people, communities and stakeholders across various industries and private sector groups, to create and foster harmonious and productive relationships.



Professor Ray Wills
Director

Appointed 11 November 2014
Term concluded 23 August 2020

Professor Ray Wills has more than 35 years' experience in a wide-ranging career as a researcher, academic, planner, consultant, adviser, manager, executive, business owner and futurist.

Professor Wills is an authoritative and respected commentator on sustainability, technology and futurism across all sectors including the built environment, cleantech, energy infrastructure, industrials, manufacturing, resources, transport and water. His research interests include adoption rates of technology and disruptive technology in all forms.

Professor Wills is Managing Director of advisory firm Future Smart Strategies, Chair of the solar farm developer, Sun Brilliance, and executive or non-executive director of several other enterprises. He is also Adjunct Professor at The University of Western Australia (UWA), contributing to the academic program, and commenting on behalf of UWA on climate change and sustainability. In August 2018, he was named as Inaugural Expert in Residence with CORE Innovation Hub in Perth.

He has been independently recognised by a number of international groups as one of the top 100 global leaders in sustainability, climate change and energy.

Attendance at Board meetings

The Board met on a monthly basis between February and April 2021, before reverting to its bi-monthly schedule of meetings. During the year, there were eight scheduled meetings, one extraordinary meeting and seven circular resolutions, which are recognised as duly constituted Board meetings.

Table 9: Board of Directors' scheduled meetings and attendance FY 2020/21

Director	Number of meetings attended	Number of meetings eligible to attend during the time the Director held office during the year
Samantha Tough	16	16
Peter Oates	16	16
Kylie Chamberlain	16	16
Ivy Chen	14	14
Michael Court	15	16
Sandra Di Bartolomeo	16	16
Gail Reynolds-Adamson	15	16
Professor Ray Wills	2	2

Table 10: Board of Directors' terms of appointment

Director	Appointed	Expires
Samantha Tough	26 November 2019	25 November 2022
Peter Oates	11 November 2014	10 November 2017
<i>Second term</i>	26 October 2016	25 October 2019
<i>Third term</i>	26 November 2019	26 November 2021
Kylie Chamberlain	30 April 2018	29 April 2020
Ivy Chen	23 August 2020	26 November 2022
Michael Court	9 July 2019	20 November 2021
Sandra Di Bartolomeo	20 November 2018	20 November 2020
Gail Reynolds-Adamson	20 November 2018	20 November 2020
Professor Ray Wills	11 November 2014	10 November 2016
<i>Second term</i>	26 October 2016	25 October 2019
		<i>Term concluded 23 August 2020</i>

Audit and Risk Management Committee

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

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

Reforms to Security of Critical Infrastructure Act 2018

In August 2020, the Commonwealth Government released a consultation paper outlining critical infrastructure (CI) security regulatory reforms it has decided to implement under the *Security of Critical Infrastructure Act 2018* (SOCI Act). The proposed legislative amendments will have significant implications for the WA Government and how Horizon Power manages cybersecurity going forward.

Current SOCI Act provisions place regulatory obligations on specific entities in the electricity, gas, water and maritime ports sectors, with the amended legislation expected to be introduced before the end of 2021. Horizon Power continues to place a high priority on cybersecurity and is closely monitoring and improving our practices to ensure we adhere to all regulatory compliance issues.

Financial reporting

The ARMC performs an overview in relation to financial reporting by:

- considering whether our accounting policies and principles are appropriate
- assessing significant estimates and judgements in the financial reports
- reviewing management’s process for ensuring compliance with laws, regulations and other requirements relating to our external reporting obligations
- assessing information from the internal and external auditors regarding the quality of financial reports, and
- reviewing the management of finance operations.

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 our corporate governance, internal control and internal audit functions.

Compliance with laws and regulations

The ARMC seeks assurance from management that a framework has been established for compliance with laws, regulations and standards.

Relations with external auditors

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

Composition of the ARMC

The ARMC comprises:

- **Mr Peter Oates**,
Chairperson
- **Ms Kylie Chamberlain**,
Director
- **Ms Sandra Di Bartolomeo**,
Director
- **Mr Michael Court**,
Director

Table 11: ARMC meetings and attendance FY 2020/21

Director	Number of meetings attended	Number of meetings eligible to attend during the time the Director held office during the year
Peter Oates	6	6
Kylie Chamberlain	6	6
Michael Court	6	6
Sandra Di Bartolomeo	6	6

People, Safety and Culture Committee

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

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

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

- matters in relation to Board composition including:
 - independence of Directors
 - Composition of the Board, including assessing and recommending to the Board the appropriate mix of skills, knowledge, experience, independence and diversity to enable the Board to discharge its responsibilities effectively having

regard to the execution of Horizon Power's strategic objectives, legal requirements and to the highest standards of corporate governance

- The processes in place to review the performance of the Board including the Chief Executive Officer
- Recommendations to the Board in relation to the appointment and retirement of Directors
- safety, health, wellness and environment management including matters relating to:
 - occupational health and safety performance, policies and systems
 - health and wellness policies, practices and programs
- corporate governance
- diversity
- environment

- sustainability
- matters in relation to people and performance including:
 - the remuneration framework for senior management
 - Horizon Power's remuneration and employment policies, procedures and programs
- corporate responsibility and customer commitment
- Aboriginal commitment.

Composition of the PSCC

The PSCC comprises:

- **Ms Sandra Di Bartolomeo**, Chairperson
- **Ms Kylie Chamberlain**, Director
- **Ms Ivy Chen**, Director (term commenced 23 August 2020)
- **Ms Gail Reynolds-Adamson**, Director

Table 12: PSCC meetings and attendance FY 2020/21

Director	Number of meetings attended	Number of meetings eligible to attend during the time the Director held office during the year
Sandra Di Bartolomeo	5	5
Kylie Chamberlain	5	5
Ivy Chen	4	4
Gail Reynolds-Adamson	2	5

People and Performance Committee

The People and Performance Committee (PPC) was a sub-committee of our Board of Directors.

Its role was to review and oversee on behalf of the Board matters related to people and performance and to Board composition. These responsibilities were transferred to the PSCC in June 2020.

Composition of the PPC

The PPC comprised:

- **Professor Ray Wills,**
Chairperson
- **Mr Michael Court,**
Director
- **Ms Sandra Di Bartolomeo,**
Director
- **Ms Gail Reynolds-Adamson,**
Director

Corporate Responsibility Committee

The Corporate Responsibility Committee (CRC) was a sub-committee of our Board of Directors.

Its role was to provide assurance to the Board that our corporate responsibilities were being discharged in an efficient and effective manner, within appropriate frameworks. This included oversight of sustainability, corporate responsibility, Aboriginal commitments and environment. These responsibilities were also transferred to the PSCC in June 2020.

Composition of the CRC

The CRC comprised:

- **Professor Ray Wills,**
Chairperson
- **Ms Kylie Chamberlain,**
Director
- **Mr Michael Court,**
Director
- **Ms Gail Reynolds-Adamson,**
Director

PPC and CRC meetings

The PPC and the CRC Committees did not meet in FY 2020/21.





Mungullah Power Station, Carnarvon

Governance and corporate compliance disclosures

In compliance with the accountability provisions of the *Electricity Corporations Act 2005 (WA)* (the Act), we provided the Minister for Energy with a quarterly report for the first three quarters of the 2020/21 financial year and this Annual Report for the entire financial year.

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

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

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

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

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

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

Customer preferences are driving change in the energy industry, with a community expectation for a reduction in carbon emissions and a shift to more affordable and cleaner energy.

Significant issues impacting Horizon Power

The external environment is framed by a worldwide focus on the impact of our changing climate and the responses needed from key sectors to address this. Globally, decarbonisation is front of mind to reduce the harmful emissions which are produced from many industries.

Our traditional utility business model is clearly at risk with increasing retail electricity prices, widespread adoption of DER and declining asset utilisation rates. Horizon Power faces increasing financial risk due to the high cost of delivering secure and reliable electricity to Western Australians in many of its regional areas, as new generation competes with legacy systems and demand decreases.

The threats to Horizon Power's financial viability are compounded by high fixed costs and lower revenue due to utilisation rates and increased self-generation from rooftop solar PV systems. These changes make it increasingly difficult for our business to recover electricity supply costs through a simple volumetric charge in the tariffs. In addition, the uptake of electric vehicles is expected to accelerate in the next 10 years, which will introduce new challenges and opportunities for the business.

Customer preferences are driving change in the energy industry, with a community expectation for a reduction in carbon emissions and a shift to more affordable and cleaner energy. Our Customer Experience division is dedicated to developing products and services which will provide improved choice and lead to more affordable energy for consumers.

Changes in written law

Besides the introduction of the Pilbara Networks Access Code (PNAC) and the Pilbara Networks Rules (PNR) in June 2021 (pursuant to the *Electricity Industry Act 2004*) (WA), there have been no significant changes to any primary legislation governing Horizon Power during the 2020/21 financial year.

Relevantly for Horizon Power, the PNAC and the PNR introduce a light-handed regulatory regime in regard to third-party access to Horizon Power's NWIS, in addition to the creation and operation of an independent system operator (ISO) for that system and networks connected with that system.

The relevant instruments and regulations enable the light-handed regulation, and the introduction of an ISO was expected to be gazetted late June 2021.

Likely developments in operations in future years

Market reform

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

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

In addition, an ISO has been established to enable the effective implementation of the new regulation, improve the security and reliability of power supply in the region and help facilitate better coordination between market participants (networks, generators, consumers and retailers).

The PNR have been established, which govern how networks connected to the NWIS interact with the ISO as well as detail the functions of the ISO itself. The PNR also contain the Harmonised Technical Rules (HTR) which consolidate the legacy technical rules of the three existing networks. The PNAC and PNR contain transitional mechanisms to facilitate commencement of the new regime.

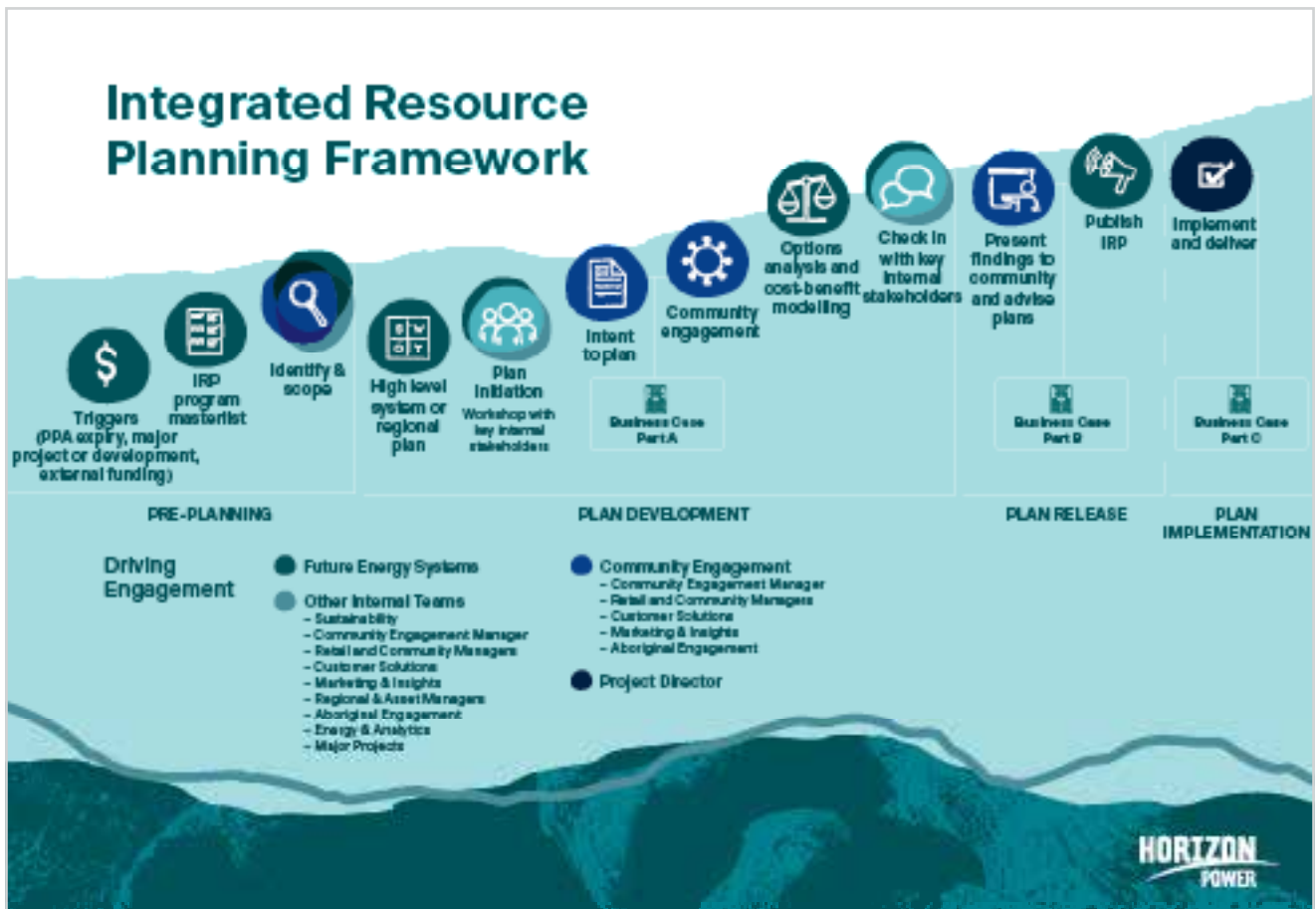
This new regime is expected to support the enormous potential of Pilbara industries by enabling common use of the electricity supply infrastructure on Horizon Power's Pilbara network. This will further act as an enabler for decarbonisation by lowering barriers of entry for large-scale renewables into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

Future power supplies

We have made a strategic commitment to widen community access to renewable energy and storage for customers and are currently undertaking a program of work to enable greater access and the potential to reduce energy bills.

We are working to secure future power supplies in the towns of Esperance and Denham to deliver the best service to our customers and value for money for the State Government. Both power solutions will include renewable energy technologies such as solar, battery storage and hydrogen.

Customers are increasingly seeking to be engaged in planning for energy future through self-generation, data analytics or advocacy. In Acknowledgement of this, Horizon Power has established an IRP approach which will seek to embed community aspirations and community engagement into the planning process for major energy projects.



Horizon Power's IRP Framework

Integrated Resource Planning (IRP)

Exmouth

Horizon Power defines IRP as a public process in which we work together with our communities and stakeholders to identify and explore energy options that will shape their future energy system. IRP is a long-term process that involves early engagement and planning and paves the way for a more collaborative approach to major decision making affecting the regions we serve.

In October 2020, our first IRP community engagement kicked off in Exmouth, and was well received with attendance from individual customers, local businesses, the Shire, tourism providers and several Government agencies.

Exmouth has a strong and positive environmental culture, reflecting its placement in a UNESCO World Heritage site, and the community expressed an interest in being seen as a leader in renewable energy. Feedback included that energy solutions need to be well considered, including

climate change impacts and cyclone conditions. The community was pleased with the opportunity to participate and provide feedback.

Horizon Power is currently in the process of land acquisitions, options analysis and cost-benefit modelling to determine the optimum future energy solution and customer products to meet current and future energy requirements for Exmouth. We plan to return for community engagement in October 2021, following the modelling conclusion.

Leonora

The Leonora power station was built in 1999 and is reaching its end of life. Horizon Power has begun exploring the feasibility of a more reliable, renewable and cost-effective future energy solution to meet Leonora's long-term energy requirements. Under the IRP framework, community engagement is an important step in understanding Leonora's aspirations for their future energy solution. In May 2021, Horizon Power held a community event where we gathered valuable customer and community insights which are now feeding into the options analysis. The land acquisition process has commenced, with heritage, flora and fauna surveys to be completed and reports finalised by July 2021.

Esperance Power Project

The new 20-year Power Purchase Agreement (PPA) has been secured to supply Esperance from 2022. This new, more efficient power station will be constructed utilising wind turbines, solar farm and battery energy storage to improve efficiency and reduce the likelihood of power fluctuations. The new PPA will also reduce the cost of supplying power to Esperance by \$10 million annually. We are meeting the demand for the future with a large enterprise customer in Esperance for energy supply which would equate to 25% of the power station's load.

This energy solution has been developed with recognition of the Esperance community's strong support for renewable energy and is expected to deliver approximately 46% more renewable energy while reducing carbon emissions by almost 50% compared to the existing power supply arrangements.

Standalone Power Systems (SPS)

Our SPS continue to provide selected rural customers with more reliable electricity without the need to be connected to the overhead electricity network. This new asset class is capable of reducing our cost to supply, and we have plans to install an additional 20 SPS across the wider Esperance region.

Shares in statutory authorities

N/A

Shares in subsidiary bodies

N/A

Declarations of interest

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

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

Indemnification of Directors

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

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

Horizon Power has entered into deeds of indemnity, insurance and access with Kylie Chamberlain, Ivy Chen, Michael Court, Sandra Di Bartolomeo, Peter Oates, Gail Reynolds-Adamson, Samantha Tough and Ray Wills.

Emoluments paid to Board of Directors and senior executives

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

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

Senior executive salaries have previously been reviewed annually, determined, and paid in accordance with market evaluations and our human resource policies.

Remuneration settings have been changed to align with State Government policy, specifically by implementing a remuneration freeze for all comparable positions to those covered by the Salaries and Allowances Tribunal, which includes our senior executives.

Principles used to determine the nature and amount of compensation

Compensation approval protocols are as follows:

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

Non-executive Directors

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

Chief Executive Officer and executives

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

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

Total fixed remuneration

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

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

Non-financial benefits

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

Superannuation

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

Table 13: Board of Directors and executive remuneration for FY 2020/21

Remuneration 2020/21	Cash salary and fees \$	Superannuation \$	Other information \$	Total \$
Non-executive Directors				
S Tough (Chair)	94,999.84	9,024.86	—	104,024.70
P Oates (Deputy Chair)	59,999.84	5,699.98	—	65,699.82
R Wills (Director) ¹	7,788.46	729.89	—	8,518.35
K Chamberlain (Director)	45,000.01	4,274.92	—	49,274.93
S Di Bartolomeo (Director)	45,000.01	4,274.92	—	49,274.93
G Reynolds-Adamson (Director)	45,000.01	4,274.92	—	49,274.93
I Chen (Director) ²	37,211.54	3,535.03	—	40,746.57
Michael Court (Non-executive Director) ³	—	—	—	—
Disclosure for the five executives with the highest emoluments				
S Unwin (Chief Executive Officer)	527,469.65	35,705.37	—	563,175.02
D Hill (General Manager Commercial and Business Development) ⁴	447,329.05	24,463.73	—	471,792.78
M Houlahan (Chief Financial Officer)	383,561.70	36,438.38	—	420,000.08
T Sanderson (General Manager Operations)	376,185.53	35,737.71	—	411,923.24
R Achemedei (General Manager Technology and Digital Transformation)	364,056.15	21,694.14	—	385,750.29

Notes to Table 13

1. Ceased as Director 23/08/20.
2. Commenced as Director 23/08/20.
3. M Court is a government representative and not remunerated by Horizon Power.
4. Includes retrospective payment for FY 2019/20 and leave payout.

Legislation

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

Electricity licences

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

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

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

Compliance with other legislation

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

Restriction on the area within which we may operate

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

Observance of the Code of Conduct

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

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

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

During the year there was one minor misconduct matter that was reported to the Public Sector Commission (PSC). This matter was subsequently referred to the Corruption and Crime Commission (CCC) for further assessment; the matter has now been closed.

Shared responsibility with other agencies

We did not share any responsibilities with other agencies during the 2020/21 financial year.

State Records Act 2000

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

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

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

Regular reviews of record-keeping systems and practices are conducted as required to ensure efficiency and effectiveness. Training programs for core systems, supplemented by the provision of relevant information on the business's intranet, are provided and reviewed to ensure they 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 to ensure it includes all relevant information for employees and will continue to refine this process. Additional information about this is easily accessible to all employees on our intranet.

Western Australian Electoral Act 1907

In accordance with the requirements of Section 175ZE of the *Western Australian Electoral Act 1907*, the following information is presented in respect of all expenditure (excluding GST) incurred during the financial period ended 30 June 2021 as shown below.

Table 14: West Australian Electoral Act 1907 expenditure FY 2020/21

Agency Type	Agency/organisation name	Amount
Advertising agencies	Wunderman Thompson, Rare Creative Thinking, The Brand Agency, Suricata (Meerkats), Function Creative, Capture Branding	\$1,157,204.09
Market research organisations	The Brand Agency, Faster Horses	\$132,636.00
Polling organisations	N/A	N/A
Direct mail organisations	Campaign Manager	\$3,603.86
Media advertising organisations	Wunderman Thompson, Hearts & Science, Carat Australia Media Services, Wavemaker Australia	\$265,022.54
		\$1,558,466.49

Environmental regulations

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

- *Environmental Protection Regulations 1987* provide generally for the prevention and control of pollution and ensure that appropriate processes are established to manage pollution, noise and other environmental impacts generated by construction and operations
- *Environmental Protection (Controlled Waste) Regulations 2004* provide for the licensing of carriers, drivers and vehicles involved in the transportation of controlled waste on public roads

- *Environmental Protection (Native Vegetation Clearing) Regulations 2004* protect all native vegetation in Western Australia. Clearing native vegetation is prohibited, unless a clearing permit is granted by the Department of Water and Environmental Regulation or the clearing is for an exempt purpose
- *Environmental Protection (Unauthorised Discharges) Regulations 2004* provide for the prevention of unauthorised discharge of potentially environmentally harmful materials
- *Environmental Protection (Noise) Regulations 1997* provide for noise emitted on a premises or public place and received on another premises.

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

- *Environmental Protection and Biodiversity Conservation Act 1999 (Commonwealth)*
- *Contaminated Sites Act 2003*
- *Dangerous Goods Safety Act 2004*

- *National Greenhouse and Energy Reporting Act 2007*
- *National Environment Protection (National Pollutant Inventory) Measure 1998*
- *Biodiversity Conservation Act 2016*
- *Wildlife Conservation Act 1950.*

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

Operations during the 2020/21 financial year

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

To avoid duplication of content, please refer to the Operational Performance Report section for a review of our operations during the financial year and the results of those operations.

Financial performance

We ended the year with a net profit after tax of \$17.0 million (FY 2019/20: \$8.9 million), significantly exceeding both last year's performance and budgeted performance. This can be attributable to better cost management, lower commodity prices and interest cost reduction benefits.

We recorded a slight 0.5% increase in total income for the year compared to last year (\$538.6 million in FY 2020/21 v \$536.0 million in FY 2019/20). The increase was primarily attributable to revenue from contract works, federal grants, commodity hedging gains and an increase in subsidy associated to mitigate the impact of rooftop solar installation.

Energy sales were lower by \$4.5 million (\$322.9 million in FY 2020/21 v \$327.4 million in FY 2019/20), mainly attributable to lower residential sales associated primarily to cooler temperatures during the summer period and customer take-up of rooftop solar. It should be noted that the impacts of COVID-19 did not have a significant adverse impact on overall sales as

business activities returned to normal levels at a faster pace due to the Government stimulus initiatives driving growth in the regional economy. It should further be noted that the State Government COVID-19 relief measures, including the WA Household Credit Offset of \$600, have been a key enabler for our customers to better manage their energy payments.

Electricity and fuel purchases were lower than last year by 4.8% (\$226.9 million in FY 2020/21 v \$238.3 million in FY 2019/20), primarily attributable to lower power purchase and internal generation cost and favourable commodity prices. Operating expenses were slightly higher in comparison to FY 2019/20 by 2.6% (\$130.4 million in FY 2020/21 v \$127.2 million in FY 2019/20) but lower than expectations.

Depreciation and amortisation costs were higher due to an increase in capital base, particularly in new software implementation as Horizon Power continues to implement DERMS and digitise manual processes. Finance costs were lower than in the previous year due to lower interest rates and a decrease in lease liabilities.

Balance sheet

Our net assets amounted to \$606.3 million, recording an increase of \$10.4 million compared to last year.

Our working capital and liquidity levels have improved in comparison to the previous financial year.

Total asset base amounts to \$1,852 million, mainly made up of property, plant and equipment of \$1,566 million.

Capital expenditure

We delivered a \$95.3 million capital expenditure program in FY 2020/21. Expenditures for the year were \$46.2 million on the Asset Management Plan; \$19.0 million on COVID-19 WA Recovery Plan; \$14.7 million on the Karratha to Dampier Transmission Line Upgrade; \$7.8 million on the Onslow Power Infrastructure project; \$2.9 million on the refurbishment of the Denham Power Station and \$4.7 million on other capital assets, including \$3.4 million on customer-funded works.

Dividends

During the year, we paid dividends of \$6.7 million to the State Government, representing the interim and final dividends on the profit for FY 2019/20.