



INFORMATION

Regional Power Corporation (t/a Horizon Power)

ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority (**Authority**) has decided to extend the period of time covered by the next asset management system review (**Review**) of the Horizon Power electricity integrated regional licence from 24 months to 39 months.

On 19 September 2011, the Authority published the report on the 2011 Review of Horizon Power's licence. At that time, the Authority decided the next Review would cover the period 1 April 2011 to 31 March 2013, an interval of 24 months.

Request to Extend the Review Interval

On 6 July 2012, Horizon Power requested the Authority extend the interval of time covered by the next Review by seven months, taking the end date from 31 March 2013 to 31 October 2013, a period of 31 months. The reason given for the request was the transition of Horizon Power's asset management system from the legacy information technology (**IT**) systems operated on its behalf by Western Power to the Ventyx Ellipse platform (**Business Transformation Project**), which was planned to take place during September 2012. On 16 July 2012, the Authority approved the request.

On 28 June 2013, Horizon Power requested the Authority grant a further extension of the Review end date from 31 October 2013 to 30 June 2014. Horizon Power cited problems with the transition from the Western Power legacy systems to the Ellipse and Electric Office systems deployed by Horizon Power under the Business Transformation Project as the reason for the request. Horizon Power informed the Authority that it is unlikely that these problems will be resolved before early 2014.

The Authority decided to defer a decision on the requested extension of the Review end date until Horizon Power provided a report prepared by an independent expert on the problems with the Business Transformation Project and its impacts on Horizon Power's ability to manage its assets.

Independent Report

On 27 September 2013, Horizon Power provided the required report. The Authority has concerns about the independence of the report's author, who has previously been a peer reviewer of the Business Transformation project since 2011. Notwithstanding the question of the author's independence, the report provided sufficient information for the Authority to make an informed decision about extending the end date of the Review to 30 June 2014. The Authority decided that granting the requested extension of the Review end date would allow the Review auditor to examine the status and effectiveness of the new IT systems under the Business Transformation Project. The extension will also allow the Review auditor to assess the processes and workflows that will be in place to manage the flow of data into, and the reporting capabilities of, the new systems.

Timing of the Next Review

The Authority has decided to grant the requested extension to Review period. The Review will now cover the period 1 April 2011 to 30 June 2014, with the report to be provided to the Authority by 30 September 2014.

Horizon Power is also required to immediately notify the Authority if there is any material change that will affect Horizon Power's ability to complete the Business Transformation Project by 30 June 2014.

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