



Notice

28 September 2017

Regional Power Corporation trading as Horizon Power

2017 PERFORMANCE AUDIT

The Economic Regulation Authority (ERA) has published the [2017 performance audit report](#), including the post-audit implementation plan, for the electricity integrated regional licence of the Regional Power Corporation, trading as Horizon Power.

Action by the ERA

The ERA considers Horizon Power has achieved an adequate level of compliance with its licence during the audit period, and has decided to increase the period covered by the next audit from 24 to 36 months.

The next audit will cover 1 April 2017 to 31 March 2020, with the report due by 30 June 2020.

Background

Audit

The audit assessed 363 licence obligations. The auditor did not provide a compliance rating for 115 of the obligations, because there was no relevant activity during the audit period.

The auditor identified 27 non-compliances in the remaining 248 obligations. Fourteen of the 27 non-compliances covered obligations under the *Electricity Industry (Metering) Code 2012*, and 10 non-compliances covered obligations under the *Code of Conduct for the Supply of Electricity to Small Use Customers 2016*.

Fifteen non-compliances were resolved during, or immediately after, the audit period.

The auditor made eight recommendations to address the 12 unresolved non-compliances, and nine recommendations to improve controls¹ for 18 obligations.

Horizon Power chose not to implement three recommendations to improve controls.² It had also completed one recommendation to improve controls, in July 2017.³

The post-audit implementation plan states Horizon Power is due to address the remaining recommendations by December 2017.

¹ Including obligation 447, which the ERA considers is unresolved.

² Recommendations 2/2017, 4/2017 and 5/2017. Under the *Audit and Review Guidelines: Electricity and Gas Licences*, it is not mandatory for Horizon Power to address recommendations addressing obligations rated B (minor controls improvements required).

³ Recommendation 3/2017.

ERA's response to the audit

The audit findings demonstrate that Horizon Power has effective processes and systems in place to manage compliance with its licence.

Horizon Power rectified just over half of the non-compliances found in the audit during, or immediately after, the audit period. Most of the remaining unresolved non-compliances are because Horizon Power still has 159 non-compliant meters on its network. Horizon Power is working to replace these meters as quickly as it practicably can.

In setting future audit periods, the ERA seeks to balance the regulatory costs imposed by undertaking audits and the compliance risk presented by a licensee. Taking into account Horizon Power's overall improvement in compliance since the last audit, the ERA considers it appropriate to increase the audit period by 12 months. Spreading the cost of an audit over more years reduces the average annual cost.

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