



Notice

27 October 2023

Horizon Power 2023 performance audit

The Economic Regulation Authority has published the [2023 performance audit report](#) and [post-audit implementation plan](#) for Horizon Power's electricity integrated regional licence, EIRL2.

Horizon Power is a government trading enterprise that holds an integrated regional licence that authorises it to supply electricity transmission, distribution, and retail services in areas of Western Australia not supplied by the South-West Interconnected System.

Horizon Power operates three interconnected power systems in the East Kimberley (Kununurra, Lake Argyle and Wyndham), two rural systems in Esperance and Hopetoun, the North-West Interconnected System between Port Hedland and Karratha and 34 microgrids.

On 30 June 2022, Horizon Power had 47,305 residential and business customers, including 1,423 prepayment meter customers.

The ERA's decision

While Horizon Power achieved a satisfactory level of compliance, it needs to improve in some areas.

The ERA has decided to maintain the audit period at 36 months. The next audit will cover the period 1 April 2023 to 31 March 2026, with the report due by 30 June 2026.

Audit findings

The auditor assessed the 455 licence obligations applicable to Horizon Power and found 25 non-compliances and two controls deficiencies. The main non-compliances were:

- Horizon Power's family violence policy did not include a requirement to tell a vulnerable customer about the consequences of being named on the account of an account holder who is not vulnerable.
- Customers, including those experiencing payment difficulties or in financial hardship, were not offered additional time to pay a bill. Customers were offered an interest-free payment plan, which included more time to pay a bill, however retailers are required to offer customers both options.
- Horizon Power did not inform financial hardship customers about all the assistance measures available to them or the consequences of missing payments on a payment plan.
- Horizon Power's disconnection warning notice did not include information about its complaints handling processes or the Energy Ombudsman.
- Horizon Power did not obtain acknowledgement from one life support equipment customer that they had received Horizon Power's notice of a planned power outage.

- Two life support equipment customers were given notice of planned power outages with the incorrect date of the outage.
- Horizon Power did not request annual confirmation or three-year certification from life support equipment customers (this did not adversely affect the customers, as they continued to benefit from the protections available to life support equipment customers).
- Horizon Power did not obtain verifiable consent from customers before they entered into a non-standard contract or confirm that customers had received all the required information about the contract.
- An expired security certificate prevented meters from being re-energised for 15 prepayment meter customers.
- Horizon Power failed to comply with five obligations because it has a small number of old meters that did not comply with the *Electricity Industry (Metering) Code 2012*.
- Horizon Power had not updated its customer complaints procedure to comply with the relevant Australian Standard.
- The auditor was unable to determine if annual performance data submitted to the ERA was data that Horizon Power had obtained from its systems, because Horizon Power's system does not allow historical data to be generated to validate it against data previously submitted to the ERA.

The auditor made 25 recommendations to address the non-compliances, of which three were completed during the audit period. The post-audit implementation plan states that Horizon Power will address the recommendations between now and July 2025.

The ERA's assessment of the audit findings

The auditor found that Horizon Power maintained an effective control environment for its licence obligations during the audit period and has a positive compliance culture. This is reflected by the auditor finding only two controls deficiencies from 455 obligations. Horizon Power is also able to self-identify non-compliances when they occur.

Despite the auditor's positive findings on Horizon Power's control environment, the number of non-compliances have increased since the previous audit and 12 were repeat non-compliances. Almost half the non-compliances relate to customer protection obligations, with some affecting vulnerable customers such as customers in financial hardship and customers on life support equipment.

Horizon Power has committed to investing in upgrades to its system to improve service delivery, particularly to its life support equipment customers. The ERA welcomes the investment and expects it to improve Horizon Power's compliance with its licence.

The ERA recognises that Horizon Power has a substantial number of licence obligations and diverse operations, with its customers spread across 38 isolated systems in regional Western Australia, which can be challenging to deliver services to. However, the ERA expects Horizon Power to improve its licence compliance, particularly in meeting obligations that affect vulnerable customers, and will seek regular updates and information from Horizon Power on its progress with implementing the proposed actions in its post-audit implementation plan.

Further information

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