

**Horizon Power**  
**Electricity Integrated Regional**  
**Licence (EIRL 2)**  
**2011 Performance Audit**  
**(Independent Assurance) Report**  
**September 2011**

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Mr Craig Young  
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22 September 2011

Dear Craig

**Electricity Integrated Regional Licence (EIRL 2) Performance Audit Report**

We have completed the Electricity Integrated Regional Licence Performance Audit for Horizon Power for the period 1 October 2009 to 31 March 2011 and are pleased to submit our report to you.

I confirm that this report is an accurate presentation of the findings and conclusions from our audit procedures.

If you have any questions or wish to discuss anything raised in the report, please contact Andrew Baldwin on 9365 7236 or myself on 9365 7024.

Yours sincerely

**Richard Thomas**  
Partner

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# 1 Independent Auditor's report

With the Economic Regulation Authority's (**the Authority**) approval, Deloitte Touche Tohmatsu (**Deloitte**) was engaged to conduct a reasonable assurance audit of Horizon Power's compliance with the conditions of its Electricity Integrated Regional Licence (**Licence**). The audit was conducted in accordance with the requirements of the August 2010 issue of the *Audit Guidelines: Electricity, Gas and Water Licences* (**Audit Guidelines**).

## Horizon Power's responsibility for compliance with the conditions of the Licence

Horizon Power is responsible for:

- Putting in place policies, procedures and controls, which are designed to ensure compliance with the conditions of the Licence
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the Authority.

## Our responsibility

Our responsibility is to express a conclusion on Horizon Power's compliance with the conditions of the Licence based on our procedures. We conducted our engagement in accordance with the Audit Guidelines and Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements*<sup>1</sup> issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in our opinion, based on the procedures performed, the conditions of the Licence have been complied with.

Our engagement provides reasonable assurance as defined in ASAE 3500. Our procedures were set out in the Audit Plan reviewed and agreed with by the Authority on 31 March 2011 and set out in Appendix 1.

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## Inherent limitations

Reasonable assurance means a high but not absolute level of assurance. Absolute assurance is very rarely attainable as a result of factors such as the following: the use of selective testing, the inherent limitations of internal control, the fact that much of the evidence available to us is persuasive rather than conclusive and the use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

<sup>1</sup> ASAE 3500 also provides for our engagement to be conducted in accordance with relevant requirements of ASAE 3100 Compliance Engagements and ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and its responsibility to prevent and detect irregularities, including fraud. Accordingly, readers of our reports should not rely on the report to identify all potential instances of non-compliance which may occur.

Any projection of the evaluation of the level of compliance to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with management procedures may deteriorate.

## Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

## Conclusion

In our opinion, based on the procedures performed, except for the effect of any issues set out below, Horizon Power has, in all material respects complied with the conditions of its Licence for the period 1 October 2009 to 31 March 2011.

## Exceptions

The following performance criteria were assessed as non-compliant (rating 2):

| Reporting manual no. & Licence condition   | Issue  |
|--|--|
| <p>75 <b>Electricity Industry (Obligation to Connect) Regulations clause 6</b>– A distributor that is obliged to attach or connect premises to the distribution system under regulation 4 of the Electricity Industry (Obligation to Connect) Regulations must do so within a defined timeframe.</p> | <p>In those instances where new connections are not scheduled to be completed within the 20 business day timeframe required by sub regulation 6(2)(a), Horizon Power's procedures require the customer to agree to the connection timeframe, however the customer is not requested to evidence their agreement in writing as required by sub regulation 6(2)(b).</p>   |
| <p>144 <b>Code of Conduct clause 4.1</b> – A retailer must issue a bill no more than once a month and at least once every three months unless the circumstances specified exist.</p>   | <p>Although Horizon Power's standard business practices are designed to issue customer bills on a bi-monthly basis, our examination of a sample of customer accounts and monthly unbilled installation reports indicates that:</p> <ul style="list-style-type: none"> <li>• In contravention to its system rules, the Velocity system had allowed a customer to be billed twice in one month. At the time of our audit, the reason for this contravention was not known</li> <li>• A small number of customers have not been billed at least once in a three month period. Unbilled installation reports identify accounts not billed for greater than 90 days, categorised by type/cause. Horizon Power achieved a significant reduction in such unbilled installations during the eight month period to March 2011.</li> </ul> |

| Reporting manual no. & Licence condition |  | Issue  |
|--|--|--|
| 157                                      | <b>Code of Conduct clause 4.7</b> – A retailer must use its best endeavours to ensure that metering reading data is obtained as frequently as is required to prepare its bills and, in any event, at least once every twelve months in accordance with clause 4.6(1)(a) of the Code of Conduct.                                | <p>There were occasions during the period 1 October 2009 to 31 March 2011, where customers had not had an 'actual' meter read for a period of greater than 12 months.</p> <p>Horizon Power's meter reading processes do provide for regular physical meter reads, reporting of exceptions to scheduled meter reads and special reads where required. However, an exception reporting process had not been implemented to identify installations that did not have an 'actual read' undertaken (i.e. actual meter read data has not been obtained) for more than 12 months, or for timeframes leading up to 12 months. Neither MBS nor Gentrack Velocity are able to produce exception reporting for customers without an actual read for 12 months.</p> <p>We understand that Horizon Power is currently developing a report to identify installations that have not had a meter read for 10 months or longer.</p> |
| 175                                      | <b>Code of Conduct clause 4.19(2)</b> - A retailer must use its best endeavours to inform the customer (including a customer who has vacated the supply address) and repay or credit any amount overcharged as a result of an act or omission by a retailer or distributor, in the manner and period specified.                | Horizon Power's work practices do not provide for customers to be asked for instructions as to whether the overcharged amount (if \$45 or more) should be credited to the customer's account or otherwise repaid to the customer. Rather the default resolution is to credit the customer's account unless the customer requests a payment via cheque. Accordingly, Horizon Power's practices do not fully comply with clause 4.19(6) of the Code.   |
| 216                                      | <b>Code of Conduct clause 7.1</b> – A retailer must give the customer a reminder notice, use its best endeavours to contact the customer and give the customer a disconnection warning, in the manner and timeframes specified, prior to arranging for disconnection of a customer's supply address for failure to pay a bill. | <p>Of 20 disconnections tested by this audit:</p> <ul style="list-style-type: none"> <li>• One customer (July/August 2010) was sent both the reminder notice and disconnection warnings in breach of the timing requirements of sections 7.1(1)(a) and 7.1(1)(c) of the Code</li> <li>• For 14 disconnections, there was no evidence to indicate that Horizon Power had attempted to make contact with the customer other than via the reminder and disconnection notices.</li> </ul>  |
| 217                                      | <b>Code of Conduct clause 7.2</b> – A retailer must not arrange for disconnection of a customer's supply address for failure to pay a bill in the circumstances specified.   | Of 20 disconnections tested by this audit, one customer was disconnected (October 2009) for failure to pay a bill, even though the customer had agreed to an alternative payment arrangement (extension of time) and paid the bill in the requisite timeframe.   |

| Reporting manual no. & Licence condition |   | Issue  |
|--|---|--|
| 226                                      | <b>Code of Conduct clause 8.2</b> – A distributor must reconnect the customer's supply address upon the request of a retailer, within the timeframes specified.   | In late 2010, Horizon Power reconnected two separate customers 1 and 5 days late respectively. Service standard payments were made to those customers in accordance with the requirements of the Code.<br><br>Horizon Power has not yet implemented an exception reporting regime to monitor compliance with the Code, in this case relating to s.8.2.   |
| 306                                      | <b>Code of Conduct clause 13.15(3)</b> – A copy of each report must be given to the Minister and the Authority not less than 7 days before it is published.   | The Small Use Code of Conduct and the Network Quality and Reliability of Supply annual performance reports were provided to the Minister and the Authority on 23 September 2010.<br><br>Both reports were subsequently published on Horizon Power's website on 24 September 2010 therefore not meeting the requirement of the Code for the reports to be provided to the Minister and the Authority at least 7 days before they are published. |
| 469                                      | <b>Network Quality &amp; Reliability of Supply Code clause 27(3)</b> - A distributor or transmitter must give a copy of its report about its performance to the Minister and the Authority within the specified period.   |  |
| 307                                      | <b>Code of Conduct clause 14.1(1)</b> – A retailer must pay the stated compensation to a customer where the customer is not reconnected in the manner specified and an exception to payment does not apply.   | During the period 1 October 2009 to 31 March 2011, Horizon Power made two service standard payments for not reconnecting customers in the specified timeframes.<br><br>However, one of the payments (made on 8 September 2010) was for the incorrect amount of \$50, being the amount payable pre 1 July 2010. The Code's requirement changed on 1 July 2010 for such payments to be \$60.   |
| 309                                      | <b>Code of Conduct clause 14.2(1)</b> – A retailer must pay the stated compensation to a customer where the retailer has failed to follow any of the specified procedures prior to disconnection for a failure to pay and an exception to payment does not apply. | In relation to the 20 disconnections tested by this audit, there were two breaches of the Code's disconnection requirements (as detailed in the audit findings for obligations 216 and 217). In both cases, as Horizon Power had not recognised the breach, the service standard payment had not been made.  |

|                                   | <b>Reporting manual no. &amp; Licence condition</b>  | <b>Issue</b>  |
|-----------------------------------|--|---|
| 319, 324, 327, 330, 331, 353, 432 | <p><b>Metering Code clause 3.1</b><br/> <i>“Meters must comply with metrology procedure and National Measurement Act”</i></p> <p><b>Metering Code clause 3.5(3)</b><br/> <b>Metering Code clause 3.5(9)</b><br/> <i>“Requirements for a metering installation”</i></p> <p><b>Metering Code clause 3.9(3)</b><br/> <b>Metering Code clause 3.9(7)</b><br/> <i>“Metering installation types and accuracy requirements”</i></p> <p><b>Metering Code clause 3.21(1)</b><br/> <i>“Requirements for a metering installation with enhanced technology features”</i></p> <p><b>Metering Code clause 6.1(1)</b><br/> <i>“Compliance with documents”</i></p> | <p>The 2009 performance audit report identified that after an audit of Western Power's meters concluded meters failed to test to standard, Horizon Power recognised that its meters may have also not been compliant with metrology requirements. Horizon Power has since developed a meter testing plan using the principles set out in its Metering Management Plan.</p> <p>We note that:</p> <ul style="list-style-type: none"> <li>• The test plan requires approximately 600 meters to be randomly selected across the service area for testing</li> <li>• At the time of this audit, approximately 200 meters had been tested, with a failure rate of approximately 54%</li> <li>• Failures have occurred in almost all of the populations of meters installed</li> <li>• The most recently installed three phase meters have not recorded failures</li> <li>• Horizon Power has not formally notified the Authority or the Office of Energy on the status of its testing in accordance with its Metering Management Plan and associated findings.</li> </ul> |
| 378                               | <p><b>Metering Code clause 5.3</b> - A network operator must, for each metering point on its network, obtain energy data from the metering installation and transfer the energy data into its metering database within the timeframes prescribed.</p>  | <p>The Code requires Horizon Power to obtain meter reading energy data and transfer that data to its metering database within two business days of the meter reading.</p> <p>Of 20 meter reading upload timeframes tested by this audit, nine were not uploaded within the two business day requirement.</p> <p>As the 2009 audit also reported non-compliances with this requirement and in accordance with Action Plan 24/09, Horizon Power had attempted to address this matter by reviewing its processes and procedures and re-stating the importance of compliance with AMRS. It is apparent that those efforts have not achieved the required improvement in compliance results.</p>   |
| 457                               | <p><b>Network Quality &amp; Reliability of Supply Code clause 19</b> - A distributor operating a relevant distribution system must, in specified circumstances, make a payment to a customer within a specific timeframe if a supply interruption exceeds 12 hours.</p>  | <p>Horizon Power makes relevant payments to eligible customers under its Extended Outage Payment Scheme. The Code requires such payments to be made within 30 days of the customer's application. Of 40 payments tested by this audit, three were made outside of the 30 day timeframe.</p>   |

| Reporting manual no. & Licence condition |   | Issue  |
|--|---|--|
| 460                                      | <b><i>Network Quality &amp; Reliability of Supply Code clause 21(3)</i></b> - A distributor operating a relevant distribution system must provide written notice to eligible customers about payments for failure to meet the requirements in sections 18 and 19 of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005 not less than once in each financial year. | <p>During its 2009/10 financial year, Horizon Power had not provided written notice to eligible customers about payments for failure to give required notice of planned interruption and supply interruption exceeding 12 hours.</p> <p>This matter was reported in Horizon Power's 2009/10 Compliance Report, including a planned resolution of delivering an annual Customer Notification letter to customers at the address to which accounts are sent. At the time of the fieldwork performed for this audit (June 2011), the notification had not yet been delivered.</p> |

DELOITTE TOUCHE TOHMATSU

**Richard Thomas**

Partner

Perth, September 2011

# 2 Executive summary

## 2.1 Introduction and background

The Economic Regulation Authority (the **Authority**) has under the provisions of the Electricity Industry Act 2004 (**the Act**), issued to the Regional Power Corporation t/a Horizon Power (**Horizon Power**) an Electricity Integrated Regional Licence (the **Licence**). The Licence relates to Horizon Power's generating, transmission, distribution and retail electricity operations.

Horizon Power is the sole supplier and retailer of electricity services to 34 systems outside of the South West Interconnected System (**SWIS**). These systems power towns and communities throughout regional Western Australia. Horizon Power has generating plants at Carnarvon, Marble Bar, Nullagine, Kununurra and Wyndham. Third party generators also provide electricity to Horizon Power substations for distribution.

Section 13 of the Act requires Horizon Power to provide the Authority with an audit (the **audit**) conducted by an independent expert acceptable to the Authority not less than once in every 24 month period (or any longer period that the Authority allows). This is the third audit of Horizon Power's Licence since its issue in 2006. Subject to the section 32 notice issued by the Authority following the first audit, which remained in effect following the second audit, Horizon Power's third audit period was maintained at 18 months.

## 2.2 Observations

In considering Horizon Power's internal control procedures, structure and environment, its compliance culture and its information systems specifically relevant to those licence obligations subject to audit, we observed that Horizon Power has:

- Maintained consistent procedures and controls designed to meet its customer service standards relating to customer connections, billing communication and complaint handling
- Continued to demonstrate an improved awareness of and commitment to regulatory compliance
- Maintained full support for its Gentrack Velocity Customer Information System (**Velocity**)
- Allocated responsibilities to specific Managers and staff for meeting key Licence obligations, although significant reliance is still placed on the Manager Customer Services for managing and monitoring the majority of Horizon Power's compliance activities
- Recognised a number of elements of non-compliance throughout the audit period and implemented associated control improvements
- Established plans to further strengthen control over retail services and metering services, particularly through the scheduled implementation of a new metering system (**mDATA21**), which is designed to integrate with Velocity.

## 2.3 Findings

The following tables summarise the assessments made by the audit on Horizon Power's compliance with the obligations of the Licence. On a scale of 1 to 5, "5" is the highest compliance rating possible (defined as "Compliant with no further action required to maintain compliance") with the rating scale moving down through lower levels of compliance to "1", the lowest compliance rating possible (defined as "Significantly non-compliant: Significant weaknesses and/or serious action required").

**Table 2** at section 3 of this report provides further detail to the compliance rating scale.

**Table 1: Summary of findings, by audit priority and compliance rating**

| No. of Obligations          | Compliance Rating |                        |               |           |           |           |            | Total      |
|-----------------------------|-------------------|------------------------|---------------|-----------|-----------|-----------|------------|------------|
|                             |                   |                        | Non-compliant |           | Compliant |           |            |            |
| Audit Priority <sup>2</sup> | N/A <sup>3</sup>  | Not rated <sup>4</sup> | 1             | 2         | 3         | 4         | 5          |            |
| Priority 1                  |                   | -                      | -             | -         | 1         | -         | -          | <b>1</b>   |
| Priority 2                  |                   | 3                      | -             | 1         | -         | 1         | 4          | <b>9</b>   |
| Priority 3                  |                   | 1                      | -             | 13        | 2         | 17        | 14         | <b>47</b>  |
| Priority 4                  |                   | 130                    | -             | 5         | 3         | 13        | 156        | <b>307</b> |
| Priority 5                  |                   | 31                     | -             | 2         | -         | 1         | 25         | <b>59</b>  |
| N/A                         | 51                |                        |               |           |           |           |            | <b>51</b>  |
| <b>Total</b>                | <b>51</b>         | <b>165</b>             | <b>-</b>      | <b>21</b> | <b>6</b>  | <b>32</b> | <b>199</b> | <b>474</b> |

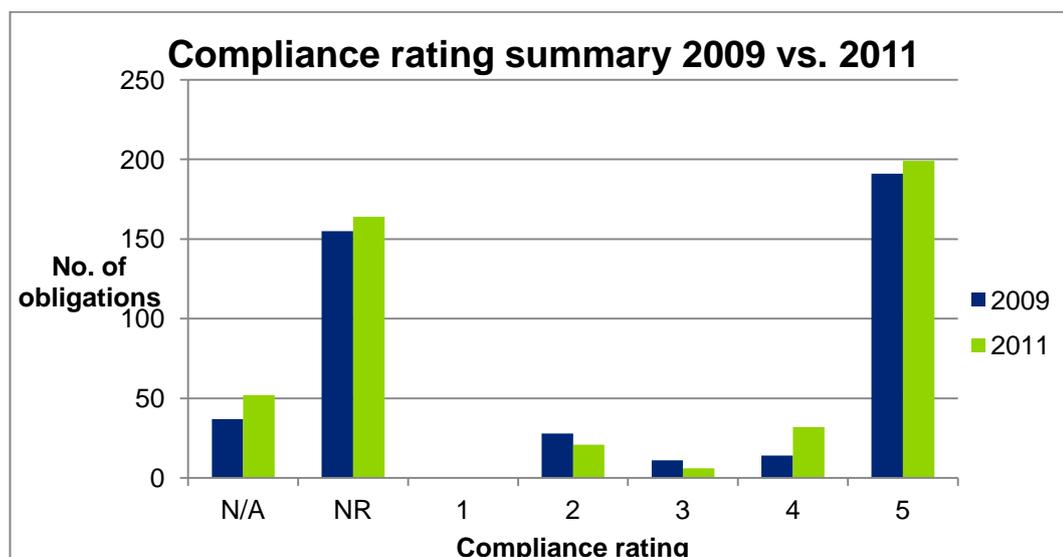
Due to revisions made to the Code of Conduct for the Supply of Electricity to Small Use Customers, which came into effect on 1 July 2010, five obligations from the superseded Code were removed from the current Code. As the five obligations were relevant to Horizon Power through to 30 June 2010, each obligation was subjected to assessment and their ratings are included in the summary table above.

The following graph compares Horizon Power's overall compliance position, by compliance rating, for the current audit (2011) and the previous audit (2009).

<sup>2</sup> Audit priority for each licence obligation was determined as an outcome of the risk assessment approach outlined in the Audit Plan, set out in Appendix A

<sup>3</sup> Obligations assessed as not applicable to Horizon Power's operations are detailed in the Audit Plan at Appendix A

<sup>4</sup> Obligations for which there was no relevant activity during the audit period; therefore a compliance assessment could not be made



**Graph 1: Summary of findings, by audit priority (2009 vs. 2011 findings)**

The increase in obligations assessed as “Not Applicable” is attributable to the reintroduction of 16 obligations from the Electricity Industry Metering Code, of which 15 were not applicable to Horizon Power’s business operations, as per the Audit Plan.

The reduction of obligations with a compliance rating of 2 and 3 combined with the increase of obligations with ratings of 4 and 5 suggest that Horizon Power has made progress toward an improved compliance environment.

Specific assessments for each licence obligation are summarised at **Table 3** in the “Summary of findings” section of this report.

Detailed findings, including relevant observations, recommendations and action plans are located in Section 4 “Detailed findings, recommendations and action plans” of this report.

## 2.4 Horizon Power’s response to previous audit recommendations

As this is the third audit of Horizon Power’s Licence, this audit considers how Horizon Power has progressed against those action plans:

- Initially raised in the 2008 audit report and where the 2009 report assessed their status as either ‘in progress’ (3 items) or ‘outstanding’ (8 items)
- Raised in the 2009 performance audit report (25 items)

Our assessment of Horizon Power’s progress in implementing those action plans is summarised below and detailed at section 5 of this report. To enable comparison with the results of the 2009 performance audit, the status of the 2008 performance audit action plans at the comparable stage (i.e. as at the 2009 audit) is also summarised:

| Performance audit | Complete | Closed out | In progress | Outstanding | Total action plans assessed |
|-------------------|----------|------------|-------------|-------------|-----------------------------|
| 2009              | 18       | 2          | 8           | 1           | <b>29</b>                   |
| 2008              | 27       | 26         | 3           | 8           | <b>64</b>                   |

## 2.5 Recommendations and action plans

The following table is a summary of all the recommendations and action plans arising from this audit. Some recommendations arise from instances of non-compliance, whereas others are process improvements to reduce the likelihood of future non-compliance.

| Reporting manual no. & Licence condition ref. | Audit Priority  | Compliance Rating             | Issue 1/2011  |
|---|---|-------------------------------|---|
| 221   | <b>Code of Conduct clause 4.1</b><br>– A retailer or a distributor must not arrange for disconnection or disconnect a customer’s supply address in the circumstances specified. | Priority 1<br><br>Compliant-3 | <p>Horizon Power’s standard business practices are designed for disconnections not to be performed on Fridays, after midday on other business days, Saturdays, Sundays, public holidays or business days before a public holiday (the Code specifies that disconnections must not be arranged for after 12pm on Fridays or after 3pm on other business days).</p> <p>Our sample testing of 30 disconnections performed during the period 1 October 2009 to 31 March 2011 identified the following:</p> <ul style="list-style-type: none"> <li>• For 11 disconnections, the time of disconnection was not recorded. In such cases, it is difficult for Horizon Power to demonstrate that disconnection timing requirements have been met</li> <li>• For 7 of the 19 disconnections for which the time of disconnection was recorded, the time was recorded as being after midday. These instances indicate disconnections have either been effected outside of Horizon Power’s standard business practices, or the disconnection times have been incorrectly recorded.</li> </ul> <p>Our examination of customer complaints received during the period 1 October 2009 to 31 March 2011 did not identify any complaints relating to disconnections being performed outside of the Code’s requirements.</p> <p>The 2009 performance audit included action plans for this matter to be addressed with Horizon Power’s contractor, AMRS, and specifically to include the requirement to record the time of disconnection in an agreed written contract management document. At the time of this audit, Horizon Power had not finalised contractual negotiations with AMRS outlining service standard requirements that are aligned to the Code. We also note that:</p> <ul style="list-style-type: none"> <li>• Horizon Power has not implemented an exception reporting regime to monitor compliance with s.7.6 of the Code</li> <li>• It appears that Metering Services staff have not been trained on Code requirements.</li> </ul> |

|   |   |
|---|---|
| <p><b>Recommendation 1/2011</b></p> <p>Horizon Power:</p> <p>(a) Finalise the AMRS contract and communicate the requirements of the contract to the applicable personnel to ensure effective management of its terms</p> <p>(b) Update its disconnection procedures to:</p> <ul style="list-style-type: none"> <li>• Ensure that all service orders include a date and time of disconnection and are accurately entered into MBS</li> <li>• Implement an escalation process for instances of suspected breach (e.g. monitoring spreadsheet and reporting to Team Leader – Metering Services).</li> </ul> <p>(c) Consider updating the service order with the requirements of the Code so AMRS is aware at all times of service requirements</p> <p>(d) Provide training to Metering Services staff outlining the requirements of s.7.6 of the Code.</p> | <p><b>Action Plan 1/2011</b></p> <p>(a) The AMRS contract is to be signed by 30 June 2011</p> <p>(b) The procedure for closing de-energisation service orders has now been updated to require:</p> <ul style="list-style-type: none"> <li>• All service orders with missing time and date stamp to be returned to the meter reading contractor for completion. The time and date is then entered in MBS</li> <li>• Breaches to be escalated to the Field Services and Metering Co-ordinator.</li> </ul> <p>(c) As the inclusion of Code requirements in the service order is not possible with MBS, it will be considered for inclusion in mData21 (MBS Replacement)</p> <p>(d) Further training of Metering Services staff will be provided.</p> <p><b>Responsible Person:</b> Field Services and Metering Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 31 July 2011</p> |
|---|---|

| Reporting manual no. & Licence condition ref. | Audit Priority  | Compliance Rating | Issue 2/2011   |
|---|---|-------------------|--|
| 237   | <b>Code of Conduct clause 9.6(1)</b> – A retailer must not provide a pre-payment service at the supply address of a residential customer if the residential customer, or a person residing at the residential customer's supply address, requires life support equipment.                         | Priority 2        | Compliant – 4  |
|   | <p><b>Recommendation 2/2011</b></p> <p>Horizon Power:</p> <p>(a) Update its Account Establishment form to record whether or not a customer at the supply address requires life support equipment</p> <p>(b) Communicate relevant changes to Horizon Power staff and ServiceWorks contractors.</p> |                   | <p><b>Action Plan 2/2011</b></p> <p>Horizon Power will:</p> <p>(a) Update the Account Establishment form</p> <p>(b) Communicate the change to relevant staff.</p> <p><b>Responsible Person:</b> Community Retail and Compliance Officer</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p> |

| Reporting manual no. & Licence condition ref.  |   | Audit Priority | Compliance Rating                                     | Issue 3/2011  |
|--|---|----------------|---|---|
| 238  | <b>Code of Conduct clause 9.6(2)</b> – If a pre-payment meter customer notifies a retailer that a person residing at the supply address depends on life support equipment, the retailer must undertake the actions specified. | Priority 2     | Not rated<br><br><i>(equivalent to Compliant – 4)</i> | The Code requires Horizon Power to ensure the pre-payment meters are not operational for supply addresses where a customer has made a notification regarding life support equipment.<br>Our examination of the priority restoration register identified one customer who was also registered as a pre-payment meter customer.<br>We determined that although the customer no longer required life support equipment, the priority restoration register had not been updated to reflect this change. |
| <b>Recommendation 3/2011</b><br>Horizon Power:<br>(a) Strengthen its procedures for managing life support equipment register, specifically to monitor additions and removals<br>(b) Regularly reconcile its priority restoration register to its pre-payment customer listing to identify any anomalies. |   |                |   | <b>Action Plan 3/2011</b><br>(a) Horizon Power will develop a new procedure in conjunction with ServiceWorks to ensure that all changes to the Life Support register are properly recorded<br>(b) The new procedure will include a quarterly reconciliation of the pre-payment meter list to the Life Support register.<br><b>Responsible Person:</b> Manager Customer Services<br><b>Accountable Person:</b> Manager Customer Services<br><b>Target Date:</b> 30 September 2011                    |

| Reporting manual no. & Licence condition ref.  |  | Audit Priority | Compliance Rating | Issue 4/2011  |
|--|--|----------------|-------------------|---|
| 75   | <b>Electricity Industry (Obligation to Connect) Regulations clause 6-</b> A distributor that is obliged to attach or connect premises to the distribution system under regulation 4 of the Electricity Industry (Obligation to Connect) Regulations must do so within a defined timeframe. | Priority 2     | Non-compliant – 2 | Sample testing performed of the new connections processed during the period 1 October 2009 to 31 March 2011 did not indicate non-compliance with regulation 6 of the Obligation to Connect Regulations.<br>However Horizon Power has acknowledged that in those instances where the connection is not scheduled to be completed within the 20 business day timeframe, the customer is not requested to evidence their agreement in writing, as required by sub regulation 6(2).   |
| <b>Recommendation 4/2011</b><br>Horizon Power implement a process for obtaining customers' written agreement with connection timing arrangements in instances where the connection is scheduled to be performed outside of the 20 business day timeframe, where such delay does not relate to a safety inspection under Energy Safety regulations. |  |                |                   | <b>Action Plan 4/2011</b><br>Horizon Power will extend its connection procedures to ensure customers provide written acknowledgement of any arrangements to schedule connections at a time outside of the 20 business day timeframe provided for by sub regulation 6(2). This extension of procedures will involve the receipt of a customer's signature on a written statement on the service order, (or similar).<br><b>Responsible Person:</b> Manager Customer Services<br><b>Accountable Person:</b> Manager Customer Services<br><b>Target Date:</b> 31 December 2011 |

| Reporting manual no. & Licence condition ref.  |  | Audit Priority | Compliance Rating | Issue 5/2011   |
|--|--|----------------|-------------------|--|
| 78   | <b>Electricity Industry (Licence Conditions) Regulations clause 6</b> – The electricity corporation must offer to purchase renewable source electricity, under an approved contract, from an eligible customer who wishes to sell such electricity to the corporation. | Priority 4     | Compliant – 4     | At the time of this audit, Horizon Power had placed all applications from customers to sell renewable source electricity to Horizon Power on hold in order to investigate the network impact of the additional load generated from those sources.<br><br>While such applications had not been rejected at the time of this audit, it is possible that Horizon Power finds that its network capacity will not accommodate the additional electricity generated from customer renewable sources. In that event, Horizon Power may be in a position where it cannot offer to purchase all renewable source electricity made available by customers.   |
| <b>Recommendation 5/2011</b><br>Horizon Power: <ul style="list-style-type: none"> <li>(a) Finalise its investigation into the extent to which its networks can accommodate the additional load generated from customer renewable sources</li> <li>(b) Liaise with the Office of Energy and the Authority for guidance in the event that its investigations find that Horizon Power cannot purchase all renewable source electricity from its customers.</li> </ul> |  |                |                   | <b>Action Plan 5/2011</b><br><ul style="list-style-type: none"> <li>(a) Horizon Power will complete the reviews of its networks and develop suitable alternative feed in management system requirements that each customer will need to include in their installation once system capacity is reached</li> <li>(b) Liaison with the Office of Energy has commenced and all information will be provided when investigations are complete.</li> </ul> Note that the Office of Energy has advised that they understand Horizon Power not to be in breach of the code where a networks technical limit has been reached and Horizon Power is not approving systems above 1.5 kW.<br><b>Responsible Person:</b> Compliance and Billing Support Coordinator<br><b>Accountable Person:</b> Manager Customer Services<br><b>Target Date:</b> 31 December 2011 |

| Reporting manual no. & Licence condition ref.   |  | Audit Priority | Compliance Rating | Issue 6/2011  |
|---|--|----------------|-------------------|---|
| 114   | <b>Code of Conduct clause 2.2-</b> An electricity marketing agent must ensure that standard and non-standard contracts are entered into in the manner and satisfying the conditions specified. | Priority 3     | Compliant – 4     | At the time of this audit, Horizon Power’s standard form contract was located only within the business customers section of its website. This location is difficult for residential customers to find.  |
| <b>Recommendation 6/2011</b><br>Horizon Power add a link to its standard form contract in the residential customers section of its website. |  |                |                   | <b>Action Plan 6/2011</b><br>As part of the current update to the Horizon Power web page, links to the standard form contract will be updated.<br><b>Responsible Person:</b> Manager Customer Services<br><b>Accountable Person:</b> Manager Customer Services<br><b>Target Date:</b> 30 September 2011 |

| Reporting manual no. & Licence condition ref.  |  | Audit Priority | Compliance Rating | Issue 7/2011   |
|--|--|----------------|-------------------|--|
| 144  | <b>Code of Conduct clause 4.1</b><br>– A retailer must issue a bill no more than once a month and at least once every three months unless the circumstances specified exist. | Priority 3     | Non-compliant-2   | <p>Although Horizon Power’s standard business practices are designed to issue customer bills on a bi-monthly basis, our examination of a sample of customer accounts and monthly unbilled installation reports indicates that:</p> <ul style="list-style-type: none"> <li>• In contravention to its system rules, the Velocity system had allowed a customer to be billed twice in one month. At the time of our audit, the reason for this contravention was not known</li> <li>• A small number of customers have not been billed at least once in a three month period. Unbilled installation reports identify accounts not billed for greater than 90 days, categorised by type/cause. Horizon Power achieved a significant reduction in such unbilled installations during the eight month period to March 2011.</li> </ul> <p>Horizon Power’s reporting and monitoring regime does not identify breaches of billing frequency requirements or accounts at risk of breach (e.g. unbilled accounts approaching 90 days).</p>               |
| <p><b>Recommendation 7/2011</b></p> <p>Horizon Power:</p> <ol style="list-style-type: none"> <li>Investigate and resolve the contravention to account billing frequency rules to ensure customers cannot be billed more frequently than once/month, unless agreed under s.4.2 of the Code</li> <li>Update its exception reporting practices to proactively identify those accounts ‘at risk’ of breaching billing frequency requirements (e.g. a countdown report) to enable active management of Code requirements</li> <li>Assign responsibility for monitoring billing timeframe compliance to an appropriate team member.</li> </ol> |  |                |                   | <p><b>Action Plan 7/2011</b></p> <ol style="list-style-type: none"> <li>The contravention to account billing frequency rules has been investigated and Horizon Power has determined that: <ul style="list-style-type: none"> <li>• The instance of billing the same customer twice in a month was very early in the ongoing development of the Velocity Customer Information System and the system error was corrected at that time</li> <li>• The system now includes safeguards to ensure billing more than once per month does not reoccur</li> </ul> </li> <li>ServiceWorks process and procedures will be updated to produce exception reports for unbilled accounts at 80 days to ensure compliance with this Code requirement</li> <li>Consideration will be given to the viability of producing an exception report for customers billed twice in a month.</li> </ol> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p> |

| Reporting manual no. & Licence condition ref.  |   | Audit Priority | Compliance Rating | Issue 8/2011   |
|--|---|----------------|-------------------|--|
| 157  | <b>Code of Conduct clause 4.7</b><br>– A retailer must use its best endeavours to ensure that metering reading data is obtained as frequently as is required to prepare its bills and, in any event, at least once every twelve months in accordance with clause 4.6(1)(a) of the Code of Conduct.              | Priority 5     | Non-compliant-2   | There were occasions during the period 1 October 2009 to 31 March 2011, where customers had not had an ‘actual’ meter read for more than 12 months. Horizon Power’s meter reading processes do provide for regular physical meter reads, reporting of exceptions to scheduled meter reads and special reads where required. However, an exception reporting process had not been implemented to identify installations that did not have an ‘actual read’ undertaken (i.e. actual meter read data has not been obtained) for more than 12 months, or for timeframes leading up to 12 months. Neither MBS nor Gentrack Velocity are able to produce exception reporting for customers without an actual read for 12 months. We understand that Horizon Power is currently developing a report to identify installations that have not had a meter read for 10 months or longer. |
| <b>Recommendation 8/2011</b><br>Horizon Power:<br>(a) Update its exception reporting and compliance monitoring regime to ensure that all meters are read at least once in every 12 month period. Such a regime should forecast those installations that are at risk of breaching the 12 month timeframe<br>(b) Assign responsibility for monitoring meter read requirements to an appropriate team member. |   |                |                   | <b>Action Plan 8/2011</b><br>(a) The new metering database, mDATA21 has the required procedures built in to both ensure reads are obtained and identify meter reading exceptions approaching and after the 12 month milestone<br>(b) mDATA21 will appropriately assign exceptions to the appropriate team member for monitoring and follow up.<br><b>Responsible Person:</b> Manager Customer Services<br><b>Accountable Person:</b> Manager Customer Services<br><b>Target Date:</b> 30 September 2011  |
| Reporting manual no. & Licence condition ref.  |   | Audit Priority | Compliance Rating | Issue 9/2011   |
| 175  | <b>Code of Conduct clause 4.19(2)</b> - A retailer must use its best endeavours to inform the customer (including a customer who has vacated the supply address) and repay or credit any amount overcharged as a result of an act or omission by a retailer or distributor, in the manner and period specified. | Priority 5     | Non compliant – 2 | Horizon Power has processes and procedures in place to manage the refund process. However, Horizon Power's work practices do not provide for customers to be asked for instructions as to whether the overcharged amount (if \$45 or more) should be credited to the customer’s account or otherwise repaid to the customer. Rather the default resolution is to credit the customer's account unless the customer requests a payment via cheque. Accordingly, Horizon Power's practices do not fully comply with clause 4.19(6) of the Code.  |
| <b>Recommendation 9/2011</b><br>Horizon Power strengthen its refund procedures to ensure customers are asked to nominate the refund method they require Horizon Power to use.  |   |                |                   | <b>Action Plan 9/2011</b><br>Procedures for managing the refund process will be strengthened to ensure customers are asked to nominate the refund method they require Horizon Power to use.<br><b>Responsible Person:</b> Manager Customer Services<br><b>Accountable Person:</b> Manager Customer Services<br><b>Target Date:</b> 30 September 2011   |

| Reporting manual no. & Licence condition ref.  |  | Audit Priority | Compliance Rating   | Issue 10/2011  |
|--|--|----------------|---|--|
| 192  | <b>Code of Conduct clause 5.8(2)</b> – A retailer must not commence proceedings for recovery of a debt in the circumstances specified.   | Priority 3     | Compliant – 4   | <p>Although Horizon Power’s debt collection procedures meet the requirements of section 5.8 of the Code, we observed that once referrals are made to its debt collection agent, Horizon Power had not:</p> <ul style="list-style-type: none"> <li>Applied a consistent approach for actively monitoring the status of customers referred to debt collection and any subsequent action relating to the customer’s debt (e.g. regular reporting of collection results, including any failure to recover overdue amounts within 30 days, therefore triggering debt write-off procedures)</li> <li>Assigned responsibility for monitoring debt collection activity to an appropriate staff member.</li> </ul> <p>We acknowledge that Horizon Power only refers debt to collections agencies for account holders who are no longer customers.</p> |
| 193  | <b>Code of Conduct clause 5.8(3)</b> – A retailer must not recover or attempt to recover a debt relating to a supply address from a person other than the customer with whom the retailer has or had entered into a contract for the supply of electricity to that supply address. |                |   |  |
| <b>Recommendation 10/2011</b><br>Horizon Power: <ul style="list-style-type: none"> <li>(a) Strengthen its debt collection procedures to provide for active monitoring of the status of customers referred to debt collection</li> <li>(b) Assign responsibility for monitoring debt collection activity to an appropriate staff member.</li> </ul> |  |                | <b>Action Plan 10/2011</b><br>The procedures for monitoring debt referred to a collection agency will be improved and follow-up and reporting responsibilities will be assigned to an appropriate staff member.<br><b>Responsible Person:</b> Compliance and Billing Support Coordinator<br><b>Accountable Person:</b> Manager Customer Services<br><b>Target Date:</b> 30 September 2011 |  |

|     | Reporting manual no. & Licence condition ref.   | Audit Priority | Compliance Rating | Issue 11/2011  |
|-----|---|----------------|-------------------|--|
| 216 | <p><b>Code of Conduct clause 7.1</b><br/>– A retailer must give the customer a reminder notice, use its best endeavours to contact the customer and give the customer a disconnection warning, in the manner and timeframes specified, prior to arranging for disconnection of a customer’s supply address for failure to pay a bill.</p> | Priority 3     | Non-compliant-2   | <p>Our sample testing of 20 disconnections performed during the period 1 October 2009 to 31 March 2011 identified the following:</p> <ul style="list-style-type: none"> <li>• In one case (July/August 2010), a customer was sent both the reminder notice and disconnection warnings in breach of the timing requirements of sections 7.1(1)(a) and 7.1(1)(c) of the Code. We note that Horizon Power remains in the process of designing an effective exception reporting regime to assist in monitoring compliance with the timing requirements of section 7.1 of the Code. <i>This matter is addressed at item 6/2009 of this report</i></li> <li>• For 14 disconnections, there was no evidence to indicate that Horizon Power had attempted to make contact with the customer other than via the reminder and disconnection notices. Horizon Power’s Credit Management procedures provide for a phone call to be made to the customer prior to the disconnection service order being raised.</li> </ul> <p>We also observed one case in July/August 2010 where the reminder notice and disconnection warning included amounts that were not outstanding at the time of the notice or warning i.e. the notice/warning included current charges, not just aged debt. This result appears to be in contravention with Velocity system rules. At the time of our audit, the reason for this contravention was not known.</p> <p>We understand that Horizon Power’s notification methods prior to disconnection includes a letter to the customer by mail, a text message to the customer by mobile phone (where possible), at least one attempted phone call and a disconnection warning card that is left at the front door of the customer’s address (where possible).</p> <p>The Manager Customer Services advised that the two instances identified above occurred during the period of a malfunction with the market interface. A recurrence has not been identified since that time.</p> |

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| <p><b>Recommendation 11/2011</b></p> <p>Horizon Power:</p> <p>(a) Strengthen its disconnection procedures to ensure that appropriate contact notes are maintained in Velocity records for “best endeavours” attempts made to make contact with the customer (i.e. phone call or other contact methods used)</p> <p>(b) Investigate and resolve the contravention to the Velocity system rules on the content of reminder notice and disconnection warning letters to ensure that they only include those charges that are overdue, not current supply charges.</p> | <p><b>Action Plan 11/2011</b></p> <p>(a) ServiceWorks will keep active spreadsheet records of contacts made for overdue accounts. This data will not be recorded in Velocity, however will be accessible to all credit officers and the Manager Customer Services</p> <p>(b) The two identified instances have been investigated to establish that both occurred during the period of a malfunction with the market interface. A recurrence has not been identified since that time</p> <p>(c) Random audit procedures will be established and audits conducted during visits to the call centre back office operations.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 31 October 2011</p> |
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| Reporting manual no. & Licence condition ref.  | Audit Priority    | Compliance Rating      | Issue 12/2011  |
|--|-------------------|------------------------|--|
| <p>217 <b>Code of Conduct clause 7.2</b> – A retailer must not arrange for disconnection of a customer’s supply address for failure to pay a bill in the circumstances specified.</p>  | <p>Priority 3</p> | <p>Non-compliant-2</p> | <p>Our sample testing of 20 disconnections performed during the period 1 October 2009 to 31 March 2011 indicated that:</p> <ul style="list-style-type: none"> <li>• In October 2009, one customer was disconnected for failure to pay a bill, even though the customer had agreed to an alternative payment arrangement (extension of time) and paid the bill in the requisite timeframe.</li> </ul> <p>Although this may be an isolated occurrence at the beginning of the audit period, it does highlight Horizon Power’s exposure breaches where staff do not have a sufficient understanding of the compliance implications of all activity in the lead up to disconnection.</p> <p>Horizon Power took over the disconnection process from Western Power in October 2009. Since that time the Customer Service team has established a procedure where by all de-energisation are referred to the Hardship Officer on a daily basis for their approval.</p> |
| <p><b>Recommendation 12/2011</b></p> <p>Horizon Power:</p> <p>(a) Strengthen its disconnection procedures to provide for the approval of all de-energisation service orders by an appropriate staff member (e.g. the Team Leader – Metering Services) prior to being issued</p> <p>(b) Ensure all relevant staff are sufficiently aware of the disconnection requirements of the Code.</p> |                   |                        | <p><b>Action Plan 12/2011</b></p> <p>Horizon Power will hold regular awareness training sessions, which will be diarised for occurrence every six months.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p>   |

| Reporting manual no. & Licence condition ref.   |  | Audit Priority  | Compliance Rating | Issue 13/2011  |
|---|--|---|-------------------|--|
| 282   | <b>Code of Conduct clause 12.1(1)</b> – A retailer and distributor must develop, maintain and implement an internal process for handling complaints and resolving disputes.  | Priority 4  | Compliant – 3     | <p>Currently Horizon Power’s records of complaints are stored in two locations, being:</p> <ul style="list-style-type: none"> <li>• The Velocity system – for those complaints received directly by Horizon Power representatives</li> <li>• A separate spreadsheet – for complaints received via the Ombudsman.</li> </ul> <p>As the Velocity system has limited capability to record complaints received via the Ombudsman, Horizon Power has elected to continue to utilise the separate spreadsheet. The two records are then manually consolidated in order to monitor and record performance in relation to the Code’s handling and resolution requirements.</p> <p>We also understand the Velocity system is currently unable to provide exception report or alerts to assist users in meeting the Code’s complaints acknowledgement and response timeframe requirements.</p> |
| 283   | <b>Code of Conduct clause 12.1(2)</b> – A retailer and distributor must develop, maintain and implement a complaints handling process that meets the specified requirements. |   |                   |  |
| <p><b>Recommendation 13/2011</b></p> <p>Horizon Power seek to upgrade the Velocity system’s capabilities to provide:</p> <p>(a) A central repository for all complaints records, including complaints received from the Ombudsman</p> <p>(b) Exception reports or alerts to assist in monitoring performance against the Code’s complaints acknowledgement and response timeframe requirements.</p> |  | <p><b>Action Plan 13/2011</b></p> <p>The Customer Service team has commenced a process to identify the needed changes in Velocity to make it capable of being the one stop complaints recording and follow-up system. The changes to the system will be completed by the end of 2011 and will include the recommendations.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 31 December 2011</p> |                   |  |

| Reporting manual no. & Licence condition ref.  |   | Audit Priority | Compliance Rating | Issue 14/2011   |
|--|---|----------------|-------------------|---|
| 285  | <b>Code of Conduct clause 12.2</b> – A retailer must comply with any guideline developed by the Authority relating to distinguishing customer queries from customer complaints. | Priority 4     | Compliant<br>– 4  | <p>Horizon Power's <i>Comprehensive Guide to the Complaints Process and Procedures</i> appropriately references relevant material from the Authority's Customer Complaints Guidelines, including guidance on how to distinguish between an enquiry and a complaint.</p> <p>We understand that Customer Service Representatives (CSR) do not record as complaints calls from customers who express dissatisfaction in relation to a high bill that is found to correct (i.e. the dissatisfaction is unfounded). Although the Authority's Guidelines indicate a customer's dissatisfaction at the price of electricity (tariffs) is not to be considered as a complaint, there remains some doubt as to whether CSRs appropriately interpret the contact to be related to the price of electricity only, rather than the compilation of the bill itself (which may relate to meter reads or energy consumption).</p> <p>Horizon Power's complaints numbers appear to be low, particularly when considering the number of complaints received via the Ombudsman, a number of which are for matters which Horizon Power could have treated as a complaint at the time of the customer's initial contact with Horizon Power.</p> |
| <p><b>Recommendation 14/2011</b></p> <p>Horizon Power:</p> <p>(a) Investigate and determine whether there is any link between the low volumes of recorded complaints with the manner in which it distinguishes a query from a complaint</p> <p>(b) Review its approach in identifying complaints and where appropriate, provide suitable training to front line personnel who handle customer calls.</p> |   |                |                   | <p><b>Action Plan 14/2011</b></p> <p>The Customer Service team will investigate the manner in which it records complaints by conducting a benchmarking approach with other utilities and develop any identified required changes to the manner in which it both identifies and manages complaints.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>  |

| Reporting manual no. & Licence condition ref. |   | Audit Priority | Compliance Rating | Issue 15/2011  |
|---|---|----------------|-------------------|--|
| 288 to 296                                    | <b>Code of Conduct clause 13.1 – 13.8(1), 13.9 – 13.14</b><br>Requirements for “Record Keeping” | Priority 3, 4  | Compliant – 4     | <p>During this audit period, Horizon Power has strengthened its procedures for obtaining data required for input into the annual Code of Conduct performance report.</p> <p>Those procedures have not yet been fully documented and Horizon Power has experienced some difficulty in:</p> <ul style="list-style-type: none"> <li>• Collating that data from different personnel and sources</li> <li>• Ensuring supporting documentation was readily available and retained.</li> </ul> <p>Although a designated folder has been used to store copies of data and supporting documentation, some records were only retained in Horizon Power’s document management system.</p>   |
| 298 to 304                                    |   |                |                   | <p><b>Recommendation 15/2011</b></p> <p>Horizon Power:</p> <p>(a) Formalise the data collation and reporting processes for the preparation of the annual Code of Conduct performance report:</p> <ul style="list-style-type: none"> <li>• Process documentation should include the data source and contact details for relevant staff responsible for the provision of data</li> <li>• Any investigation on the accuracy and completeness of data/records should be formally documented</li> </ul> <p>(b) Retain, in a central location, copies of all data and supporting documentation used in the preparation of the performance report.</p>  |
|   |   |                |                   | <p><b>Action Plan 15/2011</b></p> <p>(a) Data collation and reporting processes will be formalised and will specifically include:</p> <ul style="list-style-type: none"> <li>• Documentation of all ERA reporting requirements</li> <li>• Data sources and contact details for relevant staff responsible for the provision of data</li> <li>• Requirements for any investigation on the accuracy and completeness of data/records to be formally documented</li> </ul> <p>(b) Copies of all data and supporting documentation used in the preparation of the performance report will be stored in a designated folder on Horizon Power’s secure network drive.</p> <p><b>Responsible person:</b> Compliance Liaison Officer<br/> <b>Accountable person:</b> Manager Risk, Audit &amp; Governance<br/> <b>Target date:</b> 30 September 2011</p> |

| Reporting manual no. & Licence condition ref. |   | Audit Priority | Compliance Rating | Issue 16/2011  |
|---|---|----------------|-------------------|--|
| 306   | <b>Code of Conduct clause 13.15(3)</b> – A copy of each report must be given to the Minister and the Authority not less than 7 days before it is published.   | Priority 4     | Non-compliant-2   | The Small Use Code of Conduct and the Network Quality and Reliability of Supply annual performance reports were provided to the Minister and the Authority on 23 September 2010.   |
| 469   | <b>Network Quality &amp; Reliability of Supply Code clause 27(1)</b> - A distributor or transmitter must give a copy of its report about its performance to the Minister and the Authority within the specified period. |                |                   | Both reports were subsequently published on Horizon Power's website on 24 September 2010 therefore not meeting the requirement of the Code for the reports to be provided to the Minister and the Authority at least 7 days before they are published.   |
|   |   |                |                   | <p><b>Recommendation 16/2011</b></p> <p>Horizon Power update its compliance timetable to match the Code's requirements for providing reports to the Minister and the Authority and for subsequently publishing those reports.</p> <p><b>Action Plan 16/2011</b></p> <p>The compliance timetable will be updated to match the Code's requirements for providing reports to the Minister and the Authority at least 7 days before those reports are subsequently published.</p> <p><b>Responsible person:</b> Compliance Liaison Officer</p> <p><b>Accountable person:</b> Manager Risk, Audit &amp; Governance</p> <p><b>Target date:</b> 30 September 2011</p>   |
| Reporting manual no. & Licence condition ref. |   | Audit Priority | Compliance Rating | Issue 17/2011  |
| 307   | <b>Code of Conduct clause 14.1(1)</b> – A retailer must pay the stated compensation to a customer where the customer is not reconnected in the manner specified and an exception to payment does not apply.             | Priority 4     | Non-compliant-2   | During the period 1 October 2009 to 31 March 2011, Horizon Power made two service standard payments for not reconnecting customers in the specified timeframes.  |
|   |   |                |                   | <p>However, one of the payments (made on 8 September 2010) was for the incorrect amount of \$50, being the amount payable pre 1 July 2010. The Code's requirement changed on 1 July 2010 for such payments to be \$60.</p> <p><b>Recommendation 17/2011</b></p> <p>Horizon Power update service standard payment procedures and communicate those procedures to staff to ensure the correct payments are made.</p> <p><b>Action Plan 17/2011</b></p> <p>The Customer Service Team will hold a review training session which will be repeated on a six monthly basis.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p> |

| Reporting manual no. & Licence condition ref.  |   | Audit Priority | Compliance Rating | Issue 18/2011   |
|--|---|----------------|-------------------|---|
| 309  | <b>Code of Conduct clause 14.2(1)</b> – A retailer must pay the stated compensation to a customer where the retailer has failed to follow any of the specified procedures prior to disconnection for a failure to pay and an exception to payment does not apply. | Priority 4     | Non-compliant-2   | <p>Walkthrough of Horizon Power’s current systems and procedures and discussions with staff indicate that Horizon Power is limited in its ability to identify and acknowledge instances of wrongful disconnection in order to initiate a service standard payment for wrongful disconnection.</p> <p>Our sample testing of 20 disconnections performed during the period 1 October 2009 to 31 March 2011 identified two breaches of the Code’s disconnection requirements (as detailed in the audit findings for obligations 216 and 217). In both cases, as Horizon Power had not recognised the breach, the service standard payment had not been made.</p> |
| <p><b>Recommendation 18/2011</b></p> <p>Horizon Power:</p> <p>(a) Make service standard payments to those customers who remain entitled to such payments, including those identified by this audit</p> <p>(b) Strengthen its disconnection procedures to:</p> <ul style="list-style-type: none"> <li>• Specifically identify instances where service standard payments are applicable</li> <li>• Ensure service standard payments are made by a delegated staff member</li> </ul> <p>(c) Train staff on the requirements of s.14.2 of the Code for identifying and acting on instances where service standard payments must be made.</p> |   |                |                   | <p><b>Action Plan 18/2011</b></p> <p>The Customer Service team will:</p> <p>(a) Make the service standard payments to customers entitled for such payments</p> <p>(b) Ensure all disconnection breaches are identified through strengthening daily review processes and corresponding payments are made for each breach</p> <p>(c) Run regular review training sessions on these requirements, at least six monthly.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>  |

| Reporting manual no. & Licence condition ref.  |   | Audit Priority | Compliance Rating | Issue 19/2011   |
|--|---|----------------|-------------------|---|
| 319  | <b>Metering Code clause 3.1</b><br><i>“Meters must comply with metrology procedure and National Measurement Act”</i>    | Priority 3     | Non-compliant-2   | <p>The 2009 performance audit report identified that after an audit of Western Power’s meters concluded meters failed to test to standard, Horizon Power recognised that its meters may have also not been compliant with metrology requirements. Horizon Power has since developed a meter testing plan using the principles set out in its Metering Management Plan.</p> <p>We note that:</p> <ul style="list-style-type: none"> <li>• The test plan requires approximately 600 meters to be randomly selected across the service area for testing</li> <li>• At the time of this audit, approximately 200 meters had been tested, with a failure rate of approximately 54%</li> <li>• Failures have occurred in almost all of the populations of meters installed</li> <li>• The most recently installed three phase meters have not recorded failures</li> <li>• Horizon Power has not formally notified the Authority or the Office of Energy on the status of its testing in accordance with its Metering Management Plan and associated findings.</li> </ul> |
| 324  | <b>Metering Code clause 3.5(3)</b>  |                |                   |   |
| 327  | <b>Metering Code clause 3.5(9)</b><br><i>“Requirements for a metering installation”</i>                                 |                |                   |   |
| 330  | <b>Metering Code clause 3.9(3)</b>  |                |                   |   |
| 331  | <b>Metering Code clause 3.9(7)</b><br><i>“Metering installation types and accuracy requirements”</i>                    |                |                   |   |
| 432  | <b>Metering Code clause 6.1(1)</b> <i>“Compliance with documents”</i>   | Priority 4     |                   |   |
| 353  | <b>Metering Code clause 3.21(1)</b> <i>“Requirements for a metering installation with enhanced technology features”</i> |                |                   |   |
| <p><b>Recommendation 19/2011</b></p> <p>Horizon Power develop a strategy for:</p> <ol style="list-style-type: none"> <li>Communicating the status and results of its meter testing to the Authority and Office of Energy</li> <li>Achieving compliance with the relevant requirements of the metering code and engage the Authority on actions to be taken.</li> </ol> |   |                |                   | <p><b>Action Plan 19/2011</b></p> <p>The Customer Service team will:</p> <ol style="list-style-type: none"> <li>Complete the meter test plan in accordance with the test schedule</li> <li>Complete the analysis of all the data from the meters tested</li> <li>Identify the level of failure of its meter populations</li> <li>Notify affected customers of the results of meter tests (including instances of failure/non-compliance)</li> <li>Develop a management plan that will include population replacement where necessary</li> <li>Convey the information to the Authority and the Office of Energy for discussion and agreement of a suitable plan.</li> </ol> <p><b>Responsible Person:</b> Field Services and Metering Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 31 December 2011</p>  |

| Reporting manual no. & Licence condition ref.  |   | Audit Priority | Compliance Rating    | Issue 20/2011   |
|--|---|----------------|----------------------|---|
| 378  | <b>Metering Code clause 5.3 -</b><br>A network operator must, for each metering point on its network, obtain energy data from the metering installation and transfer the energy data into its metering database within the timeframes prescribed. | Priority 3     | Non-compliant<br>– 2 | <p>Horizon Power's contract with AMRS requires meter reading data to be uploaded to Horizon Power's metering database by 4.30 pm of the business day after readings are obtained. The upload of meter reading data does not form part of the KPI reporting requirement of that contract.</p> <p>The Code requires Horizon Power to obtain meter reading energy data and transfer that data to its metering database within two business days of the meter reading.</p> <p>Our sample testing of 20 meter reading upload timeframes identified nine that were not uploaded within the two business day requirement.</p> <p>As the 2009 audit also reported non-compliances with this requirement and in accordance with Action Plan 24/09, Horizon Power had attempted to address this matter by reviewing its processes and procedures and re-stating the importance of compliance with AMRS. It is apparent that those efforts have not achieved the required improvement in compliance results.</p> |
| <p><b>Recommendation 20/2011</b></p> <p>Horizon Power</p> <p>(a) Establish effective monitoring and reporting requirements within its arrangements with AMRS</p> <p>(b) Develop a strategy for achieving compliance with the requirements clause 5.3 of the Metering Code:</p> <p>(i) For the period leading up to the implementation of mDATA21</p> <p>(ii) Once mDATA21 becomes operational.</p> |   |                |                      | <p><b>Action Plan 20/2011</b></p> <p>The Customer Service team will:</p> <p>(a) Remove the meter reading download and upload processes from the AMRS contract and complete these tasks in house, in line with the delivery of the mDATA21 metering system</p> <p>(b) Request AMRS to comply with this part of the contract and request a fortnightly report of compliance from AMRS.</p> <p><b>Responsible Person:</b> Field Services and Metering Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>   |

| Reporting manual no. & Licence condition ref.  |  | Audit Priority | Compliance Rating   | Issue 21/2011  |
|--|--|----------------|---|--|
| 456  | <b>Network Quality &amp; Reliability of Supply Code clause 18</b> - A distributor operating a relevant distribution system must, in specified circumstances, make a payment to a customer within a specific timeframe for a failure to give required notice of planned interruption. | Priority 4     | Compliant<br>– 4  | Horizon Power's 2009/10 Network Quality & reliability of Supply Performance Report disclosed one payment being made for failure to give required notice of planned interruption. Although details of such payments are expected to be recorded in a spreadsheet maintained by the Team Leader Billing Services, the spreadsheet available to the audit did not reflect the payment disclosed in the 2009/10 Performance Report. Horizon Power's Trouble Call System (TCS) is the existing source of information on supply interruptions. As TCS records are not integrated with the Velocity system, Horizon Power requires a manual process for recognising applications for payment for failure to give required notice of planned interruption. |
| <b>Recommendation 21/2011</b><br>Horizon Power<br>(a) Develop clear instructions for recording details of payments for failure to give required notice of planned interruption<br>(b) Investigate the capability of Velocity or mDATA21 for recording such customer applications and payments and for monitoring payment timeframes. |  |                | <b>Action Plan 21/2011</b><br>The Customer Service team will:<br>(a) Develop clear procedures for the daily management of "reliability" payments by review of the TCS system<br>(b) Record all applications and payments will in the spreadsheet maintained by the Team Leader - Billing Services.<br><b>Responsible Person:</b> Field Services and Metering Coordinator<br><b>Accountable Person:</b> Manager Customer Services<br><b>Target Date:</b> 30 September 2011 |  |

| Reporting manual no. & Licence condition ref. |  | Audit Priority | Compliance Rating    | Issue 22/2011  |
|---|--|----------------|----------------------|--|
| 457   | <b>Network Quality &amp; Reliability of Supply Code clause 19</b> - A distributor operating a relevant distribution system must, in specified circumstances, make a payment to a customer within a specific timeframe if a supply interruption exceeds 12 hours. | Priority 3     | Non-compliant<br>– 2 | Horizon Power makes relevant payments to eligible customers under its Extended Outage Payment Scheme. The Code requires such payments to be made within 30 days of the customer's application. Our testing of 40 of the 99 payments made during the period 1 October 2009 and 31 March 2011 identified three that were made outside of the 30 day timeframe. There were no explanations recorded in the Velocity system for the timeframe not being met, however each of the three instances occurred during a period in which the role for processing applications was being transitioned to a new employee. As Horizon Power's current processes are manual and performed by a single employee, there is a continued chance of eligible applications not being processed in a timely manner, particularly if the employee is absent from work, or has other duties to perform. |

| <p><b>Recommendation 22/2011</b></p> <p>Horizon Power strengthen its monitoring processes to ensure eligible customers receive payments in relation to supply interruptions exceeding 12 hours within the 30 day timeframe.</p>  |   | <p><b>Action Plan 22/2011</b></p> <p>The Customer Service team will review the processes for payments made under the Extended Outage Payment scheme and retrain relevant staff members for these processes.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p> |                      |   |
|--|---|---|----------------------|---|
| Reporting manual no. & Licence condition ref.  |   | Audit Priority  | Compliance Rating    | Issue 23/2011   |
| 460  | <p><b>Network Quality &amp; Reliability of Supply Code clause 21(3)</b> - A distributor operating a relevant distribution system must provide written notice to eligible customers about payments for failure to meet the requirements in sections 18 and 19 of the Code not less than once in each financial year.</p>   | Priority 3  | Non-compliant<br>– 2 | <p>During its 2009/10 financial year, Horizon Power had not provided written notice to eligible customers about payments for failure to give required notice of planned interruption and supply interruption exceeding 12 hours.</p> <p>This matter was duly reported in Horizon Power's 2009/10 Compliance Report, including a planned resolution of delivering an annual Customer Notification letter to customers at the address which accounts are sent to. At the time of the fieldwork performed for this audit (June 2011), the notification had not yet been delivered.</p> |
| <p><b>Recommendation 23/2011</b></p> <p>Horizon Power update its compliance timetable and ensure that it diarises and actions the requirement to provide written notice to eligible customers about payments for failure to meet the requirements in sections 18 and 19 of the Code.</p> |   | <p><b>Action Plan 23/2011</b></p> <p>The Customer Service team will establish the annual distribution of this notification to customers through the invoicing process.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>                                      |                      |   |
| Reporting manual no. & Licence condition ref.  |   | Audit Priority  | Compliance Rating    | Issue 24/2011   |
| 467  | <p><b>Electricity Industry (Network Quality and Reliability of Supply) Code clause 26</b> - A distributor or transmitter must arrange for an independent audit and report on its systems for monitoring, and its compliance with specific requirements. This is to be carried out in respect of the operation of such systems during each year ending on 30 June.</p> | Priority 4  | Compliant<br>– 3     | <p>For the year ending 30 June 2010, Horizon Power appointed Qualeng to undertake an independent audit of Horizon Power's systems for monitoring its compliance with part 2 of the Code.</p> <p>However we note that the audit report did not conclude on Horizon Power's systems for monitoring compliance with Part 2 of the Code, instead more specifically concluding that those systems are in compliance with the Code</p>  |

|   |   |
|---|---|
| <p><b>Recommendation 24/2011</b></p> <p>Horizon Power require future Network Quality &amp; Reliability of Supply Code audits to specifically conclude on Horizon Power's systems for monitoring compliance with Part 2 of the Code.</p> | <p><b>Action Plan 24/2011</b></p> <p>Commencing from the 2011/2012 Network Quality &amp; Reliability of Supply Code audit, the audit report will be required to specifically conclude on Horizon Power's systems for monitoring compliance with Part 2 of the Code.</p> <p><b>Responsible Person:</b> Compliance Liaison Officer</p> <p><b>Accountable Person:</b> Manager Risk, Audit &amp; Governance</p> <p><b>Target Date:</b> 30 June 2012</p> |
|---|---|

## 2.6 Scope and objectives

The audit is designed to provide reasonable assurance regarding Horizon Power's compliance with the conditions of its Licence during the period 1 October 2009 to 31 March 2011.

The Authority has summarised the requirements of the applicable legislation that it expects to be reported upon and included in the scope of this audit in its *Electricity Compliance Reporting Manual (Reporting Manual)*.

The Audit Plan set out at Appendix 1 lists those Licence conditions confirmed to be included in the scope of the audit, along with the risk assessments made for and audit priority assigned to each licence obligation.

## 2.7 Approach

Our approach for this audit involved the following activities, which were undertaken during the period March 2011 to July 2011:

- Utilising the Audit Guidelines and Reporting Manual as a guide, development of a risk assessment which involved discussions with key staff and document review to assess controls
- Development of an Audit Plan (see **Appendix 1**) for approval by the Authority and an associated work program
- Interviews with relevant site level Horizon Power staff to gain understanding of process controls (see **Appendix 2** for staff involved)
- Site visit to the Horizon Power Esperance Regional office to gain an understanding of site based activities and procedures
- Review of documents, processes and controls to assess the overall compliance and effectiveness of those processes and controls in accordance with Licence obligations (see **Appendix 2** for reference listing)
- Reporting of findings to Horizon Power for review and response.

# 3 Summary of findings

Table 2 sets out the rating scale defined by the Authority in the Audit Guidelines for the assessment of the level of compliance with the conditions of the Licence. For the highest possible compliance rating to be achieved, Horizon Power was required to demonstrate it has maintained mature processes and controls, which facilitate compliance with relevant obligations.

**Table 2: Compliance rating scale**

| Level                       | Rating | Description  |
|-----------------------------|--------|--|
| Compliant                   | 5      | Compliant with no further action required to maintain compliance   |
| Compliant                   | 4      | Compliant apart from minor or immaterial recommendations to improve the strength of internal controls to maintain compliance |
| Compliant                   | 3      | Compliant with major or material recommendations to improve the strength of internal controls to maintain compliance         |
| Non-compliant               | 2      | Does not meet minimum requirements   |
| Significantly non-compliant | 1      | Significant weaknesses and/or serious action required  |
| Not applicable              | N/A    | Determined that the compliance obligation does not apply to Horizon Power's business operations                              |
| Not rated                   | N/R    | No relevant activity took place during the audit period; therefore it is not possible to assess compliance.                  |

The remainder of this report provides:

- A summary of the findings for the compliance obligations (at **Table 3** below).
- Detailed findings, including relevant observations, recommendations and action plans (at **section 4**).

Note that the risk assessment that was presented in the audit plan remains unchanged; as no issues or concerns were identified that would indicate a need to modify the nature and levels of testing. The risk assessment has been included in this summary to give context to the ratings that have been determined.

**Table 3: Compliance Summary**

Refer to Detailed Findings at section 4 and Audit Plan at Appendix 1 for description of obligations

| No.   | Obligation (clause/section) | Consequence  | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority | Compliance Rating |   |   |   |          |
|---|-----------------------------|--|------------|----------------------|--------------------|----------------|-------------------|---|---|---|----------|
|   |                             |  |            |                      |                    |                | N/R               | 1 | 2 | 3 | 4        |
| <b>8 Type 1 Reporting Obligations - Code of Conduct</b> |                             |  |            |                      |                    |                |                   |   |   |   |          |
| 221   | 7.6                         | Major  | Probable   | High                 | Weak               | Priority 1     |                   |   |   | ✓ |          |
| 222   | 7.7(1)                      | Major  | Probable   | High                 | Moderate           | Priority 2     |                   |   |   |   | ✓        |
| 223   | 7.7(2)                      | Major  | Probable   | High                 | Moderate           | Priority 2     |                   |   |   |   | ✓        |
| 227   | 8.3(1)                      | Major  | Probable   | High                 | Strong             | Priority 2     |                   |   |   |   | ✓        |
| 228   | 8.3(2)                      | Major  | Probable   | High                 | Moderate           | Priority 2     | ✓                 |   |   |   |          |
| 237   | 9.6(1)                      | Major  | Probable   | High                 | Moderate           | Priority 2     |                   |   |   | ✓ |          |
| 238   | 9.6(2)                      | Major  | Probable   | High                 | Moderate           | Priority 2     | ✓                 |   |   |   |          |
| 239   | 9.6(3)                      | Major  | Probable   | High                 | Moderate           | Priority 2     | ✓                 |   |   |   |          |
| <b>9 Electricity Industry Customer Transfer Code</b>    |                             |  |            |                      |                    |                |                   |   |   |   |          |
| 1   | 2.2(1)(a)                   | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |          |
| 2   | 2.2(1)(b)                   | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 3   | 3.1(1)(a)                   | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 4   | 3.1(1)(b)                   | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 5   | 3.1(2)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 6   | 3.2(2)                      | Not applicable - these clauses specify an obligation for a retailer to act in relation to a distributor (network operator), which can only exist where the retailer is a separate entity to the network operator and which is not the case in Horizon Power's circumstances. |            |                      |                    |                |                   |   |   |   |          |
| 7   | 3.4(1)                      |  |            |                      |                    |                |                   |   |   |   |          |
| 8   | 3.5(3)                      |  |            |                      |                    |                |                   |   |   |   |          |
| 9   | 3.6(2)                      |  |            |                      |                    |                |                   |   |   |   |          |
| 10  | 3.7(1)                      |  |            |                      |                    |                |                   |   |   |   | Moderate |
| 11  | 3.7(2)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 12  | 3.8(1)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |          |
| 13  | 3.8(2)(a)                   | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 14  | 3.8(2)(b)                   | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 15  | 3.8(3)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 16  | 3.9(1)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 17  | 3.9(2)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 18  | 3.9(3)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 19  | 3.9(4)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 20  | 3.10(1)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 21  | 3.10(2)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 22  | 4.1                         | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |          |
| 23  | 4.2(2)                      | Not applicable - these clauses specify an obligation for a retailer to act in relation to a distributor (network operator), which can only exist where the retailer is a separate entity to the network operator and which is not the case in Horizon Power's circumstances. |            |                      |                    |                |                   |   |   |   |          |
| 24  | 4.3                         |  |            |                      |                    |                |                   |   |   |   |          |
| 25  | 4.4(1)                      |  |            |                      |                    |                |                   |   |   |   |          |
| 26  | 4.4(2)                      |  |            |                      |                    |                |                   |   |   |   |          |
| 27  | 4.5(1)                      |  |            |                      |                    |                |                   |   |   |   |          |
| 28  | 4.6(3)                      |  |            |                      |                    |                |                   |   |   |   |          |
| 29  | 4.7                         |  |            |                      |                    |                |                   |   |   |   |          |
| 30  | 4.8(2)                      |  |            |                      |                    |                |                   |   |   |   |          |

| No. | Obligation (clause/section) | Consequence  | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority | Compliance Rating |   |   |   |   |   |
|-----|-----------------------------|--|------------|----------------------|--------------------|----------------|-------------------|---|---|---|---|---|
|     |                             |  |            |                      |                    |                | N/R               | 1 | 2 | 3 | 4 | 5 |
| 31  | 4.9(1)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 32  | 4.9(2)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 33  | 4.9(3)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 34  | 4.9(6)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 35  | 4.10(1)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 36  | 4.10(2)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 37  | 4.10(3)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 38  | 4.11(1)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 39  | 4.11(3)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 40  | 4.12(3)                     | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 41  | 4.13                        | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 42  | 4.14                        | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 43  | 4.15                        | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 44  | 4.16                        | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 45  | 4.17                        | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 46  | 5.1(1)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 47  | 5.1(3)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 48  | 5.1(4)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 49  | 6.2                         | Not applicable - Horizon Power acts as both a retailer and a network operator. |            |                      |                    |                |                   |   |   |   |   |   |
| 50  | 6.3(1)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 51  | 6.3(2)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 52  | 6.4(1)                      | Not applicable - Horizon Power acts as both a retailer and a network operator. |            |                      |                    |                |                   |   |   |   |   |   |
| 53  | 6.4(2)                      |  |            |                      |                    |                |                   |   |   |   |   |   |
| 54  | 6.6                         | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 55  | 7.1(1)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 56  | 7.1(2)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 57  | 7.1(3)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 58  | 7.2(4)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 59  | 7.3(2)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 60  | Annex 1                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 61  | Annex 2                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 62  | Annex 3                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 63  | A4.1                        | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 64  | A4.2                        | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 65  | A5(5)                       | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 66  | A5(6)                       | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 67  | A5(7)                       | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 68  | A6.2(a)                     | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 69  | A6.2(b)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 70  | A6.6                        | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 71  | A6.7                        | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |

| No.   | Obligation (clause/section) | Consequence | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority | Compliance Rating |   |   |   |   |   |   |  |
|---|-----------------------------|-------------|------------|----------------------|--------------------|----------------|-------------------|---|---|---|---|---|---|--|
|   |                             |             |            |                      |                    |                | N/R               | 1 | 2 | 3 | 4 | 5 |   |  |
| <b>10 Electricity Industry (Obligation to Connect) Regulations</b>  |                             |             |            |                      |                    |                |                   |   |   |   |   |   |   |  |
| 72  | 4                           | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   | ✓ |  |
| 73  | 5(5)                        | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   | ✓ |  |
| 74  | 5(6)                        | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   | ✓ |  |
| 75  | 6                           | Moderate    | Likely     | High                 | Moderate           | Priority 2     |                   |   | ✓ |   |   |   |   |  |
| 76  | 7(1)                        | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   | ✓ |  |
| 77  | 8                           | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   | ✓ |  |
| <b>11 Electricity Industry (Licence Conditions) Regulations</b>     |                             |             |            |                      |                    |                |                   |   |   |   |   |   |   |  |
| 78  | 6                           | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |   |  |
| 79  | 7                           | Minor       | Probable   | Low                  | Moderate           | Priority 5     |                   |   |   |   |   |   | ✓ |  |
| 80  | 8(8)                        | Minor       | Probable   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |   |  |
| <b>12 Electricity Industry Act</b>                                  |                             |             |            |                      |                    |                |                   |   |   |   |   |   |   |  |
| 81  | 13(1)                       | Minor       | Unlikely   | Low                  | Strong             | Priority 5     |                   |   |   |   |   |   | ✓ |  |
| 82  | 14(1)(a)                    | Minor       | Probable   | Low                  | Strong             | Priority 5     |                   |   |   |   |   |   | ✓ |  |
| 83  | 14(1)(b)                    | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   | ✓ |  |
| 84  | 14(1)(c)                    | Minor       | Unlikely   | Low                  | Strong             | Priority 5     |                   |   |   |   |   |   | ✓ |  |
| 85  | 17(1)                       | Minor       | Probable   | Low                  | Moderate           | Priority 5     |                   |   |   |   |   |   | ✓ |  |
| 86  | 31(3)                       | Minor       | Probable   | Low                  | Moderate           | Priority 5     |                   |   |   |   |   |   | ✓ |  |
| 87  | 41(6)                       | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   | ✓ |  |
| 88  | 54(1)                       | Moderate    | Unlikely   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   | ✓ |  |
| 89  | 54(2)                       | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |  |
| 90  | 62(1)(b)                    | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |   |  |
| 91  | 64(2)                       | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |   |  |
| 92  | 65(d)                       | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |   |  |
| 93  | 76                          | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |  |
| 94  | 101                         | Moderate    | Unlikely   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   | ✓ |  |
| 95  | 115(1)                      | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |  |
| 96  | 115(2)                      | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |  |
| <b>13 Electricity Licences - Licence Conditions and Obligations</b> |                             |             |            |                      |                    |                |                   |   |   |   |   |   |   |  |
| 97  | 6.1                         | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   | ✓ |   |   |   |  |
| 98  | 6.2                         | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |  |
| 99  | 13.2                        | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |   |  |
| 100   | 13.3                        | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |   |  |
| 101   | 14.1                        | Moderate    | Unlikely   | Medium               | Strong             | Priority 4     | ✓                 |   |   |   |   |   |   |  |
| 102   | 15.2                        | Moderate    | Unlikely   | Medium               | Strong             | Priority 4     | ✓                 |   |   |   |   |   |   |  |
| 103   | 20.2 or 23.2                | Moderate    | Probable   | Medium               | Strong             | Priority 4     | ✓                 |   |   |   |   |   |   |  |
| 104   | 20.3 or 23.3                | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   | ✓ |   |   |  |
| 105   | 21.1 or 24.1                | Moderate    | Unlikely   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   | ✓ |  |
| 106   | 22.4 or 25.4                | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |  |
| 107   | 23.2 or 26.2                | Moderate    | Unlikely   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   | ✓ |  |
| 108   | 24.4 or 27.4                | Moderate    | Unlikely   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   | ✓ |  |

| No.  | Obligation<br>(clause/section) | Consequence  | Likelihood | Inherent<br>Risk Rating | Control<br>Assessment | Audit<br>Priority | Compliance Rating |   |   |   |   |   |
|--|--------------------------------|--|------------|-------------------------|-----------------------|-------------------|-------------------|---|---|---|---|---|
|  |                                |  |            |                         |                       |                   | N/R               | 1 | 2 | 3 | 4 | 5 |
| 109  | 25.1                           | Moderate   | Unlikely   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 110  | 26.1 or 28.1                   | Moderate   | Unlikely   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 111  | 27.2 or 30.2                   | Moderate   | Unlikely   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 112  | 28.1 or 31.2                   | Moderate   | Unlikely   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| <b>14 Code of Conduct (Small Use Code)</b> |                                |  |            |                         |                       |                   |                   |   |   |   |   |   |
| <b>Part 2 Marketing</b>                    |                                |  |            |                         |                       |                   |                   |   |   |   |   |   |
| 113  | 2.1                            | Moderate   | Probable   | Medium                  | Weak                  | Priority 3        |                   |   |   | ✓ |   |   |
| 114  | 2.2                            | Moderate   | Probable   | Medium                  | Weak                  | Priority 3        |                   |   |   |   | ✓ |   |
| 115  | 2.3(1)                         | Moderate   | Probable   | Medium                  | Weak                  | Priority 3        |                   |   |   |   |   | ✓ |
| 116  | 2.3(2)                         | Moderate   | Unlikely   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 117  | 2.3(3)                         | Moderate   | Unlikely   | Medium                  | Strong                | Priority 4        | ✓                 |   |   |   |   |   |
| 118  | 2.4(1)                         | Moderate   | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 119  | 2.4(2)                         | Moderate   | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 120  | 2.4(3)                         | Moderate   | Unlikely   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 121  | 2.4(4)                         | Moderate   | Unlikely   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 122  | 2.5(1)                         | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 123  | 2.5(2)                         | Moderate   | Unlikely   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 124  | 2.5(3)                         | Moderate   | Unlikely   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 125  | 2.5(4)                         | Moderate   | Unlikely   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 126  | 2.5(5)                         | Moderate   | Unlikely   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 127  | 2.6(1)                         | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 128  | 2.6(2)                         | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 129  | 2.6(3)                         | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 130  | 2.6(4)                         | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 131  | 2.6(5)                         | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 132  | 2.6(6)                         | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 133  | 2.6(7) and<br>2.6(8)           | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 134  | 2.7(1)                         | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 135  | 2.7(2)                         | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 136  | 2.7(3)                         | Minor  | Unlikely   | Low                     | Moderate              | Priority 5        | ✓                 |   |   |   |   |   |
| 137  | 2.7(4)                         | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 138  | 2.7(5)                         | Moderate   | Unlikely   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 139  | 2.8                            | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 140  | 2.11(1)                        | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 141  | 2.11(2)                        | Moderate   | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| <b>Part 3 Connection</b>                   |                                |  |            |                         |                       |                   |                   |   |   |   |   |   |
| 142  | 3.1(1)                         | Not applicable - Horizon Power acts as both a retailer and a network operator. |            |                         |                       |                   |                   |   |   |   |   |   |
| 143  | 3.1(2)                         |  |            |                         |                       |                   |                   |   |   |   |   |   |
| <b>Part 4 Billing</b>                      |                                |  |            |                         |                       |                   |                   |   |   |   |   |   |
| 144  | 4.1                            | Moderate   | Probable   | Medium                  | Weak                  | Priority 3        |                   |   | ✓ |   |   |   |

| No.                   | Obligation<br>(clause/section) | Consequence | Likelihood | Inherent<br>Risk Rating | Control<br>Assessment | Audit<br>Priority | Compliance Rating |   |   |   |   |   |
|-----------------------|--------------------------------|-------------|------------|-------------------------|-----------------------|-------------------|-------------------|---|---|---|---|---|
|                       |                                |             |            |                         |                       |                   | N/R               | 1 | 2 | 3 | 4 | 5 |
| 145                   | 4.2(2)                         | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 146                   | 4.2(3)                         | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 147                   | 4.2(4)                         | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 148                   | 4.2(5)                         | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 149                   | 4.2(6)                         | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 150                   | 4.3(1)                         | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 151                   | 4.3(2)                         | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 152                   | 4.4                            | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 153                   | 4.5(1)                         | Moderate    | Probable   | Medium                  | Weak                  | Priority 3        |                   |   |   |   |   | ✓ |
| 154                   | 4.5(3)                         | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 155                   | 4.6(1)                         | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 156                   | 4.6(2)                         | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 157                   | 4.7                            | Minor       | Probable   | Low                     | Strong                | Priority 5        |                   |   | ✓ |   |   |   |
| 158                   | 4.8(1)                         | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 159                   | 4.8(2)                         | Moderate    | Probable   | Medium                  | Weak                  | Priority 3        |                   |   |   |   |   | ✓ |
| 160                   | 4.8(3)                         | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 161                   | 4.9                            | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 162                   | 4.1                            | Minor       | Probable   | Low                     | Moderate              | Priority 5        |                   |   |   |   |   | ✓ |
| 163                   | 4.11(1)                        | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 164                   | 4.11(2)                        | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 165                   | 4.12(1)                        | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 166                   | 4.13                           | Moderate    | Probable   | Medium                  | Weak                  | Priority 3        |                   |   |   |   |   | ✓ |
| 167                   | 4.14(1)                        | Minor       | Probable   | Low                     | Moderate              | Priority 5        |                   |   |   |   |   | ✓ |
| 168                   | 4.14(2)                        | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 169                   | 4.15(1)                        | Minor       | Probable   | Low                     | Strong                | Priority 5        |                   |   |   |   |   | ✓ |
| 170                   | 4.15(2)                        | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   | ✓ |   |
| 171                   | 4.16                           | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 172                   | 4.17(1)                        | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 173                   | 4.17(2)                        | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 174                   | 4.18(2)                        | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 175                   | 4.19(2)                        | Minor       | Probable   | Low                     | Strong                | Priority 5        |                   |   | ✓ |   |   |   |
| 176                   | 4.19(3)                        | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   | ✓ |   |
| 177                   | 4.19(4)                        | Minor       | Probable   | Low                     | Moderate              | Priority 5        |                   |   |   |   | ✓ |   |
| <b>Part 5 Payment</b> |                                |             |            |                         |                       |                   |                   |   |   |   |   |   |
| 178                   | 5.1                            | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 179                   | 5.2(1)                         | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 180                   | 5.2(2)                         | Moderate    | Probable   | Medium                  | Weak                  | Priority 3        |                   |   |   |   |   | ✓ |
| 181                   | 5.3                            | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 182                   | 5.4                            | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 183                   | 5.5                            | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 184                   | 5.6(1)                         | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |

| No.   | Obligation (clause/section) | Consequence   | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority | Compliance Rating |   |   |   |   |   |
|---|-----------------------------|---|------------|----------------------|--------------------|----------------|-------------------|---|---|---|---|---|
|   |                             |   |            |                      |                    |                | N/R               | 1 | 2 | 3 | 4 | 5 |
| 185   | 5.6(2)                      | Moderate  | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 186   | 5.6(3)                      | Moderate  | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 187   | 5.6(4)                      | Moderate  | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 188   | 5.7(1)                      | Moderate  | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   | ✓ |   |
| 189   | 5.7(2)                      | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 190   | 5.7(4)                      | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 191   | 5.8(1)                      | Moderate  | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 192   | 5.8(2)                      | Moderate  | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   | ✓ |   |
| 193   | 5.8(3)                      | Moderate  | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   | ✓ |   |
| <b>Part 6 Payment difficulties and financial hardship</b> |                             |   |            |                      |                    |                |                   |   |   |   |   |   |
| 194   | 6.1(1)                      | Moderate  | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   | ✓ |   |
| 195   | 6.1(2)                      | Minor   | Probable   | Low                  | Moderate           | Priority 5     |                   |   |   |   |   | ✓ |
| 196   | 6.1(3)                      | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 197   | 6.2(1)                      | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 198   | 6.2(2)                      | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 199   | 6.2(3)                      | Minor   | Probable   | Low                  | Moderate           | Priority 5     |                   |   |   |   |   | ✓ |
| 200   | 6.3                         | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 201   | 6.4(1)                      | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 202   | 6.4(2)                      | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 203   | 6.6(1)                      | Minor   | Probable   | Low                  | Moderate           | Priority 5     |                   |   |   |   |   | ✓ |
| 204   | 6.6(2)                      | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 205   | 6.7                         | Minor   | Probable   | Low                  | Moderate           | Priority 5     |                   |   |   |   |   | ✓ |
| 206   | 6.8                         | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 207   | 6.9(1)                      | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 208   | 6.9(2)                      | Minor   | Probable   | Low                  | Moderate           | Priority 5     |                   |   |   |   |   | ✓ |
| 209   | 6.10(1)                     | Moderate  | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 210   | 6.10(2)                     | Moderate  | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 211   | 6.10(3)                     | Moderate  | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 212   | 6.10(4)                     | Moderate  | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 213   | 6.10(5)                     | Moderate  | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 214   | 6.10(7)                     | Moderate  | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 215   | 6.11                        | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| <b>Part 7 Disconnection</b>                               |                             |   |            |                      |                    |                |                   |   |   |   |   |   |
| 216   | 7.1                         | Moderate  | Probable   | Medium               | Weak               | Priority 3     |                   |   | ✓ |   |   |   |
| 217   | 7.2                         | Moderate  | Probable   | Medium               | Weak               | Priority 3     |                   |   | ✓ |   |   |   |
| 218   | 7.3                         | Clause is not applicable as Horizon Power is not licensed to engage in dual fuel contracts. |            |                      |                    |                |                   |   |   |   |   |   |
| 219   | 7.4                         | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 220   | 7.5                         | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 221   | 7.6                         | Major   | Probable   | High                 | Weak               | Priority 1     |                   |   |   | ✓ |   |   |
| 222   | 7.7(1)                      | Major   | Probable   | High                 | Moderate           | Priority 2     |                   |   |   |   |   | ✓ |
| 223   | 7.7(2)                      | Major   | Probable   | High                 | Moderate           | Priority 2     |                   |   |   |   |   | ✓ |

| No.  | Obligation (clause/section) | Consequence  | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority | Compliance Rating |   |   |   |   |   |   |   |  |
|--|-----------------------------|--|------------|----------------------|--------------------|----------------|-------------------|---|---|---|---|---|---|---|--|
|  |                             |  |            |                      |                    |                | N/R               | 1 | 2 | 3 | 4 | 5 |   |   |  |
| <b>Part 8 Reconnection</b>                             |                             |  |            |                      |                    |                |                   |   |   |   |   |   |   |   |  |
| 224  | 8.1(1)                      | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 225  | 8.1(2)                      | Not applicable - Horizon Power acts as both a retailer and a network operator. |            |                      |                    |                |                   |   |   |   |   |   |   |   |  |
| 226  | 8.2                         | Moderate   | Probable   | Medium               | Weak               | Priority 3     |                   |   | ✓ |   |   |   |   |   |  |
| 227  | 8.3(1)                      | Major  | Probable   | High                 | Strong             | Priority 2     |                   |   |   |   |   |   |   | ✓ |  |
| 228  | 8.3(2)                      | Major  | Probable   | High                 | Moderate           | Priority 2     | ✓                 |   |   |   |   |   |   |   |  |
| <b>Part 9 Pre-payment meters in remote communities</b> |                             |  |            |                      |                    |                |                   |   |   |   |   |   |   |   |  |
| 229  | 9.2(2)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 230  | 9.3(1)                      | Moderate   | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   |   |   | ✓ |  |
| 231  | 9.3(2)                      | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 232  | 9.3(3)                      | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 233  | 9.4                         | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 234  | 9.5(1), (2), (3)            | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 235  | 9.5(4)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 236  | 9.5(5)                      | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 237  | 9.6(1)                      | Major  | Probable   | High                 | Moderate           | Priority 2     |                   |   |   |   |   |   | ✓ |   |  |
| 238  | 9.6(2)                      | Major  | Probable   | High                 | Moderate           | Priority 2     | ✓                 |   |   |   |   |   |   |   |  |
| 239  | 9.6(3)                      | Major  | Probable   | High                 | Moderate           | Priority 2     | ✓                 |   |   |   |   |   |   |   |  |
| 240  | 9.7                         | Moderate   | Likely     | High                 | Moderate           | Priority 2     |                   |   |   |   |   |   |   | ✓ |  |
| 241  | 9.8                         | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 242  | 9.9                         | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 243  | 9.10(1)                     | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 244  | 9.10(2)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 245  | 9.10(4)                     | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 246  | 9.11(1)                     | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 247  | 9.11(2), (7)                | Minor  | Probable   | Low                  | Moderate           | Priority 5     |                   |   |   |   |   |   |   | ✓ |  |
| 248  | 9.11(3)                     | Moderate   | Probable   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |   |  |
| 249  | 9.11(4)                     | Minor  | Probable   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |   |   |  |
| 250  | 9.11(6)                     | Moderate   | Probable   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |   |  |
| 251  | 9.12                        | Moderate   | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   |   |   | ✓ |  |
| 252  | 9.13(1)                     | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 253  | 9.13(2), (3)                | Minor  | Probable   | Low                  | Moderate           | Priority 5     |                   |   |   |   |   |   |   | ✓ |  |
| 254  | 9.14(2), (3)                | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| <b>Part 10 Information and communication</b>           |                             |  |            |                      |                    |                |                   |   |   |   |   |   |   |   |  |
| 255  | 10.1(1)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 256  | 10.1(2)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 257  | 10.1(3)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 258  | 10.2(1)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 259  | 10.2(2)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 260  | 10.2(3)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |
| 261  | 10.2(4)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   |   | ✓ |  |

| No.  | Obligation (clause/section) | Consequence | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority | Compliance Rating |   |   |   |   |   |
|--|-----------------------------|-------------|------------|----------------------|--------------------|----------------|-------------------|---|---|---|---|---|
|  |                             |             |            |                      |                    |                | N/R               | 1 | 2 | 3 | 4 | 5 |
| 262  | 10.3                        | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 263  | 10.3A                       | Moderate    | Probable   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 264  | 10.4                        | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 265  | 10.5                        | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 266  | 10.6                        | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 267  | 10.7(1)                     | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 268  | 10.7(2)                     | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 269  | 10.7(3)                     | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 270  | 10.7(4)                     | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 271  | 10.8(1)                     | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 272  | 10.8(2)                     | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 273  | 10.9                        | Minor       | Probable   | Low                  | Strong             | Priority 5     |                   |   |   |   |   | ✓ |
| 274  | 10.10(1)                    | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 275  | 10.10(2)                    | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 276  | 10.10(3)                    | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 277  | 10.11(1)                    | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 278  | 10.11(2)                    | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 279  | 10.12(1)                    | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 280  | 10.12(2)                    | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| <b>Part 11 Customer Service Charter</b>          |                             |             |            |                      |                    |                |                   |   |   |   |   |   |
| 281  | 15.1                        | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| <b>Part 12 Complaints and dispute resolution</b> |                             |             |            |                      |                    |                |                   |   |   |   |   |   |
| 282  | 12.1(1)                     | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   | ✓ |   |   |
| 283  | 12.1(2)                     | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   | ✓ |   |   |
| 284  | 12.1(3)                     | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 285  | 12.2                        | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   | ✓ |   |
| 286  | 12.3                        | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 287  | 12.4                        | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| <b>Part 13 Record keeping</b>                    |                             |             |            |                      |                    |                |                   |   |   |   |   |   |
| 288  | 13.1                        | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 289  | 13.2                        | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 290  | 13.3(1)                     | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 291  | 13.3(2)                     | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 292  | 13.4                        | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 293  | 13.5                        | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 294  | 13.6                        | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 295  | 13.7                        | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 296  | 13.8(1)                     | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 297  | 13.8(2)                     | Moderate    | Probable   | Medium               | Weak               | Priority 3     | ✓                 |   |   |   |   |   |
| 298  | 13.9                        | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 299  | 13.10(1)                    | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |

| No.  | Obligation (clause/section) | Consequence | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority | Compliance Rating |   |   |   |   |   |
|--|-----------------------------|-------------|------------|----------------------|--------------------|----------------|-------------------|---|---|---|---|---|
|  |                             |             |            |                      |                    |                | N/R               | 1 | 2 | 3 | 4 | 5 |
| 300  | 13.10(2)                    | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   | ✓ |   |
| 301  | 13.11                       | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   | ✓ |   |
| 302  | 13.12                       | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   | ✓ |   |
| 303  | 13.13                       | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   | ✓ |   |
| 304  | 13.14                       | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   | ✓ |   |
| 305  | 13.15(1)                    | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   |   |   |   | ✓ |
| 306  | 13.15(3)                    | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   | ✓ |   |   |   |
| <b>Part 14 Service standard payments</b>   |                             |             |            |                      |                    |                |                   |   |   |   |   |   |
| 307  | 14.1(1)                     | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   | ✓ |   |   |   |
| 308  | 14.1(2)                     | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 309  | 14.2(1)                     | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   | ✓ |   |   |   |
| 310  | 14.2(2)                     | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 311  | 14.3(1)                     | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   | ✓ |   |
| 312  | 14.3(2)                     | Moderate    | Probable   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 313  | 14.4(1)                     | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   | ✓ |   |
| 314  | 14.4(2)                     | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 315  | 14.6(1)                     | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 316  | 14.6(2)                     | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| <b>Obligations relevant to 30 June 2010 only (removed from the current Code of Conduct and Reporting Manual).<br/>Note Obligation number and reference referred below were obtained from the March 2008 Reporting Manual</b> |                             |             |            |                      |                    |                |                   |   |   |   |   |   |
| 231  | 9.8                         | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 237  | 9.10                        | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 264  | 11.1(2)                     | Moderate    | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 265  | 11.2(1)                     | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 266  | 11.2(2)                     | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| <b>15 Electricity industry Metering Code</b>   |                             |             |            |                      |                    |                |                   |   |   |   |   |   |
| <b>Part 2 Code objectives and arms-length treatment</b>  |                             |             |            |                      |                    |                |                   |   |   |   |   |   |
| 317  | 2.2(1)(a)                   | Minor       | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 318  | 2.2(1)(b)                   | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| <b>Part 3 Meters and metering installations</b>  |                             |             |            |                      |                    |                |                   |   |   |   |   |   |
| 319  | 3.1                         | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   | ✓ |   |   |   |
| 320  | 3.2(1)                      | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 321  | 3.3(1)                      | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 322  | 3.3(3)                      | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 323  | 3.5(1) and (2)              | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 324  | 3.5(3)                      | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   | ✓ |   |   |   |
| 325  | 3.5(4)                      | Moderate    | Unlikely   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 326  | 3.5(6)                      | Moderate    | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 327  | 3.5(9)                      | Moderate    | Probable   | Medium               | Weak               | Priority 3     |                   |   | ✓ |   |   |   |
| 328  | 3.7                         | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 329  | 3.8                         | Moderate    | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |

| No.                                 | Obligation (clause/section) | Consequence  | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority | Compliance Rating |   |   |   |   |   |
|-------------------------------------|-----------------------------|--|------------|----------------------|--------------------|----------------|-------------------|---|---|---|---|---|
|                                     |                             |  |            |                      |                    |                | N/R               | 1 | 2 | 3 | 4 | 5 |
| 330                                 | 3.9(3)                      | Moderate   | Probable   | Medium               | Weak               | Priority 3     |                   |   | ✓ |   |   |   |
| 331                                 | 3.9(7)                      | Moderate   | Probable   | Medium               | Weak               | Priority 3     |                   |   | ✓ |   |   |   |
| 332                                 | 3.9(9)                      | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 333                                 | 3.1                         | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 334                                 | 3.11(1)                     | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   | ✓ |   |
| 335                                 | 3.11(2)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 336                                 | 3.11(3)                     | N/A - Horizon Power as the code participant is not separate to the network operator  |            |                      |                    |                |                   |   |   |   |   |   |
| 337                                 | 3.12(1)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 338                                 | 3.12(2)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 339                                 | 3.12(3)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 340                                 | 3.12(4)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 341                                 | 3.13(1)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 342                                 | 3.13(c)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 343                                 | 3.13(4)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 344                                 | 3.14(3)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 345                                 | 3.16(1)                     | These clauses specifically apply to operations within the SWIS, which is not applicable to Horizon Power's licensed areas. |            |                      |                    |                |                   |   |   |   |   |   |
| 346                                 | 3.16(2)                     |  |            |                      |                    |                |                   |   |   |   |   |   |
| 347                                 | 3.16(3)                     |  |            |                      |                    |                |                   |   |   |   |   |   |
| 348                                 | 3.16(5)                     |  |            |                      |                    |                |                   |   |   |   |   |   |
| 349                                 | 3.16(6)                     |  |            |                      |                    |                |                   |   |   |   |   |   |
| 350                                 | 3.18(1)                     | Obligation is not applicable as it specifically applies to the Electricity Retail Corporation.                             |            |                      |                    |                |                   |   |   |   |   |   |
| 351                                 | 3.20(1)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 352                                 | 3.20(3)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 353                                 | 3.21(1)                     | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   | ✓ |   |   |   |
| 354                                 | 3.21(2)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 355                                 | 3.22                        | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 356                                 | 3.23(a)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 357                                 | 3.23(b)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 358                                 | 3.25                        | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 359                                 | 3.27                        | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 360                                 | 3.29                        | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| <b>Part 4 The metering database</b> |                             |  |            |                      |                    |                |                   |   |   |   |   |   |
| 361                                 | 4.1(1)                      | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 362                                 | 4.1(2)                      | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 363                                 | 4.1(3)                      | Moderate   | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   | ✓ |
| 364                                 | 4.2(1)                      | This clause specifically applies to operations within the SWIS, which is N/A to Horizon Power.                             |            |                      |                    |                |                   |   |   |   |   |   |
| 365                                 | 4.3(1)                      | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 366                                 | 4.4(1)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 367                                 | 4.5(1)                      | Horizon Power as the code participant is not separate to the network operator, therefore N/A.                              |            |                      |                    |                |                   |   |   |   |   |   |
| 368                                 | 4.5(2)                      | This obligation is on the code participant, which is not Horizon Power.  |            |                      |                    |                |                   |   |   |   |   |   |
| 369                                 | 4.6(1)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |

| No.                             | Obligation (clause/section) | Consequence   | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority | Compliance Rating |   |   |   |   |   |   |
|---------------------------------|-----------------------------|---|------------|----------------------|--------------------|----------------|-------------------|---|---|---|---|---|---|
|                                 |                             |   |            |                      |                    |                | N/R               | 1 | 2 | 3 | 4 | 5 |   |
| 370                             | 4.6(2)                      | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 371                             | 4.7                         | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 372                             | 4.8(3)                      | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 373                             | 4.8(4)                      | Moderate  | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   | ✓ |
| 374                             | 4.8(5)                      | Moderate  | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   |   | ✓ |
| 375                             | 4.9                         | Moderate  | Probable   | Medium               | Moderate           | Priority 4     |                   |   |   |   |   |   | ✓ |
| <b>Part 5 Metering services</b> |                             |   |            |                      |                    |                |                   |   |   |   |   |   |   |
| 376                             | 5.1 (1)                     | Minor   | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |   |
| 377                             | 5.1(2)                      | Minor   | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |   |
| 378                             | 5.3                         | Moderate  | Probable   | Medium               | Weak               | Priority 3     |                   |   | ✓ |   |   |   |   |
| 379                             | 5.4(1)                      | Minor   | Probable   | Low                  | Strong             | Priority 5     |                   |   |   |   |   |   | ✓ |
| 380                             | 5.4(2)                      | Obligation sits with a User not Horizon Power                           |            |                      |                    |                |                   |   |   |   |   |   |   |
| 381                             | 5.5(2)                      | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 382                             | 5.5(3)                      | Obligation sits with a User not Horizon Power                           |            |                      |                    |                |                   |   |   |   |   |   |   |
| 383                             | 5.6(1)                      | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 384                             | 5.7                         | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 385                             | 5.8                         | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 386                             | 5.9                         | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 387                             | 5.1                         | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 388                             | 5.11                        | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 389                             | 5.12(1)                     | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 390                             | 5.13                        | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 391                             | 5.14(3)                     | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 392                             | 5.15                        | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 393                             | 5.16                        | Obligation sits with a User, not Horizon Power.                         |            |                      |                    |                |                   |   |   |   |   |   |   |
| 394                             | 5.17(1)                     |   |            |                      |                    |                |                   |   |   |   |   |   |   |
| 395                             | 5.18                        |   |            |                      |                    |                |                   |   |   |   |   |   |   |
| 396                             | 5.19(1)                     |   |            |                      |                    |                |                   |   |   |   |   |   |   |
| 397                             | 5.19(2)                     |   |            |                      |                    |                |                   |   |   |   |   |   |   |
| 398                             | 5.19(3)                     |   |            |                      |                    |                |                   |   |   |   |   |   |   |
| 399                             | 5.19(4)                     |   |            |                      |                    |                |                   |   |   |   |   |   |   |
| 400                             | 5.19(5)                     | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 401                             | 5.19(6)                     | Obligation sits with a User, not Horizon Power.                         |            |                      |                    |                |                   |   |   |   |   |   |   |
| 402                             | 5.20(1)                     | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 403                             | 5.20(2)                     | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 404                             | 5.20(4)                     | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 405                             | 5.21(2)                     | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 406                             | 5.21(4)                     | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |
| 407                             | 5.21(5)                     | This obligation is on the code participant, which is not Horizon Power. |            |                      |                    |                |                   |   |   |   |   |   |   |
| 408                             | 5.21(6)                     |   |            |                      |                    |                |                   |   |   |   |   |   |   |
| 409                             | 5.21(8)                     | Moderate  | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |   |

| No.   | Obligation (clause/section) | Consequence  | Likelihood | Inherent Risk Rating | Control Assessment | Audit Priority | Compliance Rating |   |   |   |   |   |
|---|-----------------------------|--|------------|----------------------|--------------------|----------------|-------------------|---|---|---|---|---|
|   |                             |  |            |                      |                    |                | N/R               | 1 | 2 | 3 | 4 | 5 |
| 410   | 5.21(9)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 411   | 5.21(11)                    | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 412   | 5.21(12)                    | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 413   | 5.22(1)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 414   | 5.22(2)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 415   | 5.22(3)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 416   | 5.22(4)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 417   | 5.22(5)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 418   | 5.22(6)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 419   | 5.23(1)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 420   | 5.23(3)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 421   | 5.24(1)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 422   | 5.24(2)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 423   | 5.24(3)                     | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 424   | 5.24(4)                     | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 425   | 5.25                        | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 426   | 5.27                        | Obligation sits with a User, not Horizon Power.  |            |                      |                    |                |                   |   |   |   |   |   |
| 427   | 5.29                        | Moderate   | Probable   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 428   | 5.30(1)                     | Moderate   | Unlikely   | Medium               | Strong             | Priority 4     |                   |   |   |   |   | ✓ |
| 429   | 5.31(1)                     | The obligation is on the Electricity Networks Corporation, not the Regional Electricity Corporation. |            |                      |                    |                |                   |   |   |   |   |   |
| 430   | 5.31(2)                     |  |            |                      |                    |                |                   |   |   |   |   |   |
| 431   | 5.34(2)                     |  |            |                      |                    |                |                   |   |   |   |   |   |
| <b>Part 6 Documentation</b>   |                             |  |            |                      |                    |                |                   |   |   |   |   |   |
| 432   | 6.1(1)                      | Moderate   | Probable   | Medium               | Weak               | Priority 3     |                   |   | ✓ |   |   |   |
| 433   | 6.1(2)                      | Obligation sits with a User, not Horizon Power.  |            |                      |                    |                |                   |   |   |   |   |   |
| 434   | 6.20(4)                     | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| <b>Part 7 Notices and confidential information</b>                              |                             |  |            |                      |                    |                |                   |   |   |   |   |   |
| 435   | 7.2(1)                      | This obligation is on the code participant, which is not Horizon Power.                              |            |                      |                    |                |                   |   |   |   |   |   |
| 436   | 7.2(2)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 437   | 7.2(4)                      | This obligation is on the code participant, which is not Horizon Power.                              |            |                      |                    |                |                   |   |   |   |   |   |
| 438   | 7.2(5)                      |  |            |                      |                    |                |                   |   |   |   |   |   |
| 439   | 7.5                         |  |            |                      |                    |                |                   |   |   |   |   |   |
| 440   | 7.6(1)                      |  |            |                      |                    |                |                   |   |   |   |   |   |
| <b>Part 8 Dispute resolution</b>  |                             |  |            |                      |                    |                |                   |   |   |   |   |   |
| 441   | 8.1(1)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 442   | 8.1(2)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 443   | 8.1(3)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| 444   | 8.1(4)                      | Moderate   | Unlikely   | Medium               | Moderate           | Priority 4     | ✓                 |   |   |   |   |   |
| 445   | 8.3(2)                      | Minor  | Unlikely   | Low                  | Moderate           | Priority 5     | ✓                 |   |   |   |   |   |
| <b>16 Electricity Industry (Network Quality and Reliability of Supply) Code</b> |                             |  |            |                      |                    |                |                   |   |   |   |   |   |
| 446   | 5(1)                        | Minor  | Probable   | Low                  | Strong             | Priority 5     |                   |   |   |   |   | ✓ |

| No. | Obligation<br>(clause/section) | Consequence | Likelihood | Inherent<br>Risk Rating | Control<br>Assessment | Audit<br>Priority | Compliance Rating |   |   |   |   |   |
|-----|--------------------------------|-------------|------------|-------------------------|-----------------------|-------------------|-------------------|---|---|---|---|---|
|     |                                |             |            |                         |                       |                   | N/R               | 1 | 2 | 3 | 4 | 5 |
| 447 | 8                              | Minor       | Probable   | Low                     | Strong                | Priority 5        |                   |   |   |   |   | ✓ |
| 448 | 9                              | Minor       | Probable   | Low                     | Strong                | Priority 5        |                   |   |   |   |   | ✓ |
| 449 | 10(1)                          | Minor       | Probable   | Low                     | Strong                | Priority 5        |                   |   |   |   |   | ✓ |
| 450 | 10(2)                          | Minor       | Probable   | Low                     | Strong                | Priority 5        |                   |   |   |   |   | ✓ |
| 451 | 12(3)                          | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 452 | 13(2)                          | Minor       | Probable   | Low                     | Strong                | Priority 5        |                   |   |   |   |   | ✓ |
| 453 | 13(3)                          | Moderate    | Unlikely   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 454 | 14(8)                          | Moderate    | Unlikely   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 455 | 15(2)                          | Moderate    | Unlikely   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 456 | 18                             | Moderate    | Unlikely   | Medium                  | Strong                | Priority 4        |                   |   |   |   | ✓ |   |
| 457 | 19                             | Moderate    | Probable   | Medium                  | Weak                  | Priority 3        |                   |   | ✓ |   |   |   |
| 458 | 21(1)                          | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        |                   |   |   |   |   | ✓ |
| 459 | 21(2)                          | Moderate    | Probable   | Medium                  | Weak                  | Priority 3        |                   |   |   |   |   | ✓ |
| 460 | 21(3)                          | Moderate    | Probable   | Medium                  | Weak                  | Priority 3        |                   |   | ✓ |   |   |   |
| 461 | 23(1)                          | Minor       | Probable   | Low                     | Strong                | Priority 5        |                   |   |   |   |   | ✓ |
| 462 | 23(2)                          | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 463 | 24(3)                          | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 464 | 24(4)                          | Moderate    | Probable   | Medium                  | Moderate              | Priority 4        | ✓                 |   |   |   |   |   |
| 465 | 25(2)                          | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 466 | 25(3)                          | Moderate    | Probable   | Medium                  | Strong                | Priority 4        |                   |   |   |   |   | ✓ |
| 467 | 26                             | Moderate    | Unlikely   | Medium                  | Strong                | Priority 4        |                   |   |   | ✓ |   |   |
| 468 | 27(1)                          | Moderate    | Unlikely   | Medium                  | Weak                  | Priority 3        |                   |   |   |   |   | ✓ |
| 469 | 27(3)                          | Moderate    | Unlikely   | Medium                  | Strong                | Priority 4        |                   |   | ✓ |   |   |   |

# 4 Detailed findings, recommendations and action plans

The following sections are broken into the relevant Codes that require an assessment of Horizon Power's compliance. The sections are:

1. Type 1 Reporting obligations for all licence types
2. Electricity Industry (Customer Transfer) Code
3. Electricity Industry (Obligation to Connect) Regulations
4. Electricity Industry (Licence Conditions) Regulations
5. Electricity Industry Act
6. Electricity Licences – Licence Conditions and Obligations
7. Code of Conduct
8. Electricity Industry Metering Code
9. Electricity Industry (Network Quality and Reliability of Supply) Code.

Each section contains:

- **Background** – where it is deemed appropriate, a brief background is provided to assist in developing the context for the assessed levels of compliance
- **Not applicable obligations** – an outline of and the reasons as to why the obligations were assessed as not applicable
- **Not rateable obligations** – the obligations assessed as not rated for the audit period and reasons for this assessment
- **Assessment of compliance** – the conclusions from our audit procedures and a determination of Horizon Power's compliance with the applicable obligations. These tables include:
  - **Findings** – the auditor's understanding of the process and any issues that have been identified during the audit
  - **Recommendations** – recommendations for improvement or enhancement of the process or control
  - **Action plans** – Horizon Power's formal response to audit recommendations, providing details of action to be implemented to address the specific issue raised by the audit.

## 4.1 Type 1 Reporting obligations for all licence types

### Obligations determined to be not applicable

All relevant obligations were determined to be applicable to Horizon Power's operations for the period subject to audit.

### Obligations determined to be not rateable

Horizon Power's compliance with the following obligation could not be rated as there was no relevant activity in the period subject to audit.

| Obligation | Reason  |
|------------|---|
| 228        | The Regulation Compliance Coordinator confirmed that the Minister has not published a set of criteria for Horizon Power relating to the maintenance of the Priority Restoration Register. Therefore, the clause is not rateable until such time criteria are published.   |
| 238, 239   | During the period subject to audit, Horizon Power had not received notification from a pre-payment meter customer that a person residing at the supply address depends on life support equipment. Therefore, there was no corresponding requirement to revert a pre-payment meter to a standard meter and clauses 9.6(2) and 9.6(3) are not rateable for this audit period.<br><br>As the audit did identify an opportunity for Horizon Power to improve procedures for managing its life support register, further details of Horizon Power's procedures relevant to obligation 238 are provided in the detailed findings of the tables below. |

### Assessment of compliance

The table below summarises the audit's assessment of Horizon Power's compliance with the relevant obligations of the Type 1 Reporting Obligations for all Licence Types.

| N/A | N/R | Non-compliant |   | Compliant |   |   | Total    |
|-----|-----|---------------|---|-----------|---|---|----------|
|     |     | 1             | 2 | 3         | 4 | 5 |          |
| -   | 3   | -             | - | 1         | 1 | 3 | <b>8</b> |

The following table provides detailed findings for each applicable and rateable obligation with an individual assessment of compliance. Note that separate findings are not provided for obligations 228 and 239, which cannot be rated, as detailed in the table above.

Also note that as Type 1 obligations are included in the corresponding section of this report, the detailed findings below are a direct copy of the detailed findings provided at section 4.7 of this report.

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
| 221 | A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified. | Compliant- 3      | <p>Section.7.6 of the Code requires:</p> <ul style="list-style-type: none"> <li>• Customers' supply addresses not to be disconnected until all required communication has been made regarding the cause of disconnection</li> <li>• Disconnections not to be arranged in the following circumstances: <ul style="list-style-type: none"> <li>○ Where the customer had made a complaint directly related to the reason for the proposed disconnection, and the matter was unresolved</li> <li>○ For Fridays, Saturdays, Sundays, public holidays, a day before a public holiday or after 3pm on other business days.</li> </ul> </li> </ul> <p>Through discussions with the Team Leader - Metering Services and the Team Leader – Billing Services and walkthrough of Horizon Power's disconnection processes, we observed that Horizon Power's standard business practices are designed for disconnections not to be performed on Fridays, after midday on other business days, Saturdays, Sundays, public holidays or business days before a public holiday.</p> <p>Our sample testing of 30 disconnections performed during the period 1 October 2009 to 31 March 2011 identified the following:</p> <ul style="list-style-type: none"> <li>• For 11 disconnections, the time of disconnection was not recorded. In such cases, it is difficult for Horizon Power to demonstrate that disconnection timing requirements have been met</li> <li>• For 7 of the 19 disconnections for which the time of disconnection was recorded, the time was recorded as being after midday. These instances indicate disconnections have either been effected outside of Horizon Power's standard business practices, or the disconnection times have been incorrectly recorded.</li> </ul> <p>Our examination of customer complaints received during the period 1 October 2009 to 31 March 2011 did not identify any complaints relating to disconnections being performed outside of the Code's requirements.</p> <p>The 2009 performance audit included action plans for this matter to be addressed with Horizon Power's contractor, AMRS, and specifically to include the requirement to record the time of disconnection in an agreed written contract management document. At the time of this audit, Horizon Power had not finalised contractual negotiations with AMRS outlining service standard requirements that are aligned to the Code. We also note that:</p> <ul style="list-style-type: none"> <li>• Horizon Power has not implemented an exception reporting regime to monitor compliance with s.7.6 of the Code (<i>refer to Revised Action Plan 6/2009</i>)</li> <li>• It appears that Metering Services staff have not been trained on Code requirements.</li> </ul> |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
|     | <p><b>Recommendation 1/2011</b><br/>Horizon Power:</p> <p>(a) Finalise the AMRS contract and communicate the requirements of the contract to the applicable personnel to ensure effective management of its terms</p> <p>(b) Update its disconnection procedures to:</p> <ul style="list-style-type: none"> <li>▪ Ensure that all service orders include a date and time of disconnection and are accurately entered into MBS</li> <li>▪ Implement an escalation process for instances of suspected breach (e.g. monitoring spreadsheet and reporting to Team Leader – Metering Services)</li> </ul> <p>(c) Consider updating the service order with the requirements of the Code so AMRS is aware at all times of service requirements</p> <p>(d) Provide training to Metering Services staff outlining the requirements of s.7.6 of the Code.</p> |                   | <p><b>Action Plan 1/2011</b></p> <p>(a) The AMRS contract is to be signed by 30 June 2011</p> <p>(b) The procedure for closing de-energisation service orders has now been updated to require:</p> <ul style="list-style-type: none"> <li>• All service orders with missing time and date stamp to be returned to the meter reading contractor for completion. The time and date is then entered in MBS</li> <li>• Breaches to be escalated to the Field Services and Metering Co-ordinator.</li> </ul> <p>(c) As the inclusion of Code requirements in the service order is not possible with MBS, it will be considered for inclusion in mData21 (MBS Replacement)</p> <p>(d) Further training of Metering Services staff will be provided.</p> <p><b>Responsible Person:</b> Field Services and Metering Coordinator<br/><b>Accountable Person:</b> Manager Customer Services<br/><b>Target Date:</b> 31 July 2011</p>   |
| 222 | A retailer must undertake the actions specified in circumstances where the customer provides the retailer with confirmation that a person residing at the customer's supply address requires life support equipment.  | Compliant – 5     | <p><i>Obligations 222 and 223</i></p> <p>Section 11.1 of the standard form contract highlights the customers requirement to contact Horizon Power to advise that persons on the premises require life support equipment and to provide written confirmation from a qualified medical practitioner.</p> <p>Through discussions with the Esperance Customer and Community Relationship Manager, Team Leader – Metering Services and the Team Leader - Billing Services, walkthrough of Horizon Power's procedures for recognising and recording supply addresses and examination of related procedural documents we determined that Horizon Power has the following processes in place to accommodate customers who require life support equipment (life support customers):</p> <ul style="list-style-type: none"> <li>• Customers requiring life support systems are assigned a 'life' critical Code in Velocity by the Customer Service Representatives upon notification from the customer. This designation prevents a disconnection service order being raised against life support customers</li> <li>• Any updates to customers designated as 'life' critical within Velocity is provided to Western Power via an overnight batch process so as to update the Priority Restoration Register. The updated register is then forwarded to all Horizon Power regional offices</li> <li>• Should an outage be planned, Horizon Power will: <ul style="list-style-type: none"> <li>○ Notify life support customers within at least 3 business days of a planned outage either by sending written notification or calling affected customers (section 11.2 of the standard form contract)</li> <li>○ Assist the life support customer to find suitable accommodation if required</li> <li>○ Not go ahead with the outage until all customers have been notified and it is confirmed they have found alternate accommodation.</li> </ul> </li> </ul> <p>Examination of all disconnections performed during the period 1 October 2009 to 31 March 2011 compared to the life support register indicates that no life support customer was disconnected for non-payment of a bill.</p> |
| 223 | A distributor must undertake the actions specified in circumstances where the distributor has been informed by a retailer or a relevant government agency that a person residing at a customer's supply address requires life support equipment.  | Compliant – 5     | <p>Examination of all disconnections performed during the period 1 October 2009 to 31 March 2011 compared to the life support register indicates that no life support customer was disconnected for non-payment of a bill.</p>  |

| No  | Obligation under Condition   | Compliance Rating | Findings  |
|-----|--|-------------------|---|
| 227 | A distributor must create and maintain a Priority Restoration Register.  | Compliant – 5     | <p>Through discussions with the Manager Customer Services and walkthrough of Horizon Power’s crisis management procedures, we determined that Horizon Power has the following plans and records, which make up Horizon Power’s Priority Restoration Register:</p> <ul style="list-style-type: none"> <li>• Emergency Plan – Severe Storms, Cyclones and Flood response, which is an organisational wide document that sets the minimal level of response at a corporate level</li> <li>• A Regional Contingency Plan, which is maintained at each regional depot that sits subordinate to the organisational document. This document outlines Horizon Power’s response for each particular region</li> <li>• A Feeder Restoration Register, which outlines restoration priority of the relevant feeders within the region.</li> </ul> <p>Each regional depot is responsible for maintaining its priority restoration register. The priority restoration register is subject to a mandatory update on an annual basis and ad-hoc adjustments as required during the year.</p>  |
| 237 | A retailer must not provide a pre-payment service at the supply address of a residential customer if the residential customer, or a person residing at the residential customer's supply address, requires life support equipment. | Compliant – 4     | <p>Through discussions with the Metering Field Services and Community Officer, Metering Services Analyst and the ServiceWorks Customer Service Manager, we observed that Horizon Power has procedures in place to ensure that:</p> <ul style="list-style-type: none"> <li>• The supply address for a customer requiring life support system is not connected to a pre-payment meter</li> <li>• Meters are installed and programmed at the same time as when the customer’s information is collected</li> <li>• If the customer has life support equipment, the meter will be programmed as a credit meter.</li> </ul> <p>A comparison of Horizon Power’s Priority Restoration Register with its pre-payment meter customer list identified one customer who was recorded on both lists. Horizon Power affirmed that the customer no longer requires life support equipment but was not removed from the Priority Restoration Register. This matter is further addressed in the audit findings at obligation 238 below.</p> <p>Horizon Power’s business practices require Horizon Power staff to enquire whether pre-payment meter customers require life support equipment and to record such instances on the Account Establishment form (used when signing up new customers). As the Account Establishment form does not specifically provide for the use of life support equipment at a supply address to be recorded, there is a greater risk of the record not being made or for the enquiry not to be made.</p> |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
|     | <p><b>Recommendation 2/2011</b></p> <p>Horizon Power:</p> <p>(a) Update its Account Establishment form to record whether or not a customer at the supply address requires life support equipment</p> <p>(b) Communicate relevant changes to Horizon Power staff and Service Works contractors.</p>                          |                   | <p><b>Action Plan 2/2011</b></p> <p>Horizon Power will:</p> <p>(a) Update the Account Establishment form</p> <p>(b) Communicate the change to relevant staff.</p> <p><b>Responsible Person:</b> Community Retail and Compliance Officer</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>  |
| 238 | <p>If a pre-payment meter customer notifies a retailer that a person residing at the supply address depends on life support equipment, the retailer must undertake the actions specified.</p>   | Not rated         | <p>Through discussions with the Metering Field Services and Community Officer, Metering Services Analyst and examination of the work instructions for assigning life support critical code to a customer, we observed that in order to meet the requirements of this obligation, Horizon Power has procedures in place to change a customer from an existing pre-payment meter to a normal credit meter (at no cost) by:</p> <ul style="list-style-type: none"> <li>• When notified by the customer or a representative of the customer that the customer requires life support equipment, obtaining documentation from a medical practitioner to verify the customer's request</li> <li>• Alerting the Metering Services team, who will reprogram the meter to a standard/credit meter as soon as possible and by no later than the timeframes specified at 9.6(3) of the Code</li> <li>• Assigning a 'life' critical code in Velocity.</li> </ul> <p>As the Metering Services Analyst confirmed that no customers were changed from a pre-payment meter to a credit meter for the period subject to audit, this audit was unable to test whether Horizon Power had undertaken required actions to reprogram the meter and to inform the customer of their contract options.</p> <p>Our examination of the priority restoration register identified one customer who was also registered as a pre-payment meter customer. We determined that although the customer no longer required life support equipment, the priority restoration register had not been updated to reflect this change.</p> |
|     | <p><b>Recommendation 3/2011</b></p> <p>Horizon Power:</p> <p>(a) Strengthen its procedures for managing life support equipment register, specifically to monitor additions and removals</p> <p>(b) Regularly reconcile its priority restoration register to its pre-payment customer listing to identify any anomalies.</p> |                   | <p><b>Action Plan 3/2011</b></p> <p>(a) Horizon Power will develop a new procedure in conjunction with ServiceWorks to ensure that all changes to the Life Support register are properly recorded</p> <p>(b) The new procedure will include a quarterly reconciliation of the pre-payment meter list to the Life Support register.</p> <p><b>Responsible Person:</b> Manager Customer Services</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>   |

## 4.2 Electricity Industry (Customer Transfer) Code

### Background

The Customer Transfer Code is designed to address requirements of network operators and retailers in the event of customers transferring between retailers. As Horizon Power's customers are technically contestable, this Code is technically applicable to Horizon Power's licence obligations as a network operator and/or retailer. However, as Horizon Power is currently the sole retailer operating in its licensed areas (i.e. its customers are not actually contested), customer transfer cannot occur. Current market conditions and arrangements indicate there is little likelihood of customers being contested in the near future.

From discussions with the Manager Customer Services, it is evident that the business would be responsive to the requirements of the Code should the need arise. Should a customer request a transfer, the request would be forwarded to the contracts department who are aware of such matters.

### Obligations determined to be not applicable

The following obligations are not applicable to Horizon Power's operations for the period subject to audit.

| Obligation             | Reason   |
|------------------------|--|
| 6-9, 23-30, 49, 52, 53 | Clauses which require a retailer to act in relation to a network operator are not applicable to Horizon Power's operations as the obligation can only exist where the retailer is a separate entity to the distributor (network operator), which is not the case in Horizon Power's circumstances. Therefore these clauses are not applicable to Horizon Power's operations. |

### Obligations determined to be not rateable

Horizon Power's compliance with the following obligations could not be rated as there was no relevant activity in the period subject to audit.

| Obligation                               | Reason   |
|--|--|
| 1, 2                                     | As Horizon Power services contestable customers, it is possible for a competing retailer to enter the market. Until such time, the need for arm's length dealings is not relevant to Horizon Power's operations and these obligations cannot be rated for the period subject to audit.   |
| 3-5, 10-22, 31-39, 41-48, 50, 51, 54-71. | As Horizon Power services contestable customers, it is possible for a competing retailer to enter and therefore trigger the Code's requirements of a network operator. As Horizon Power is currently the sole retailer operating in its licensed areas, customer transfers cannot occur and these obligations cannot be rated for the period subject to audit. |
| 40                                       | The Manager Customer Services confirmed that Horizon Power has not established any access contracts for its network; therefore this obligation cannot be rated for the period subject to audit.  |

### Assessment of compliance

As all obligations have either been assessed as not applicable or not rateable, Horizon Power's compliance is therefore not assessable.

## 4.3 Electricity Industry (Obligation to Connect) Regulations

### Obligations determined to be not applicable

All relevant obligations were determined to be applicable to Horizon Power's operations for the period subject to audit.

### Assessment of compliance

The table below summarises the audit's assessment of Horizon Power's compliance with the relevant obligations of the Obligation to Connect Regulations.

|     |     | Non-compliant |   | Compliant |   |   | Total    |
|-----|-----|---------------|---|-----------|---|---|----------|
| N/A | N/R | 1             | 2 | 3         | 4 | 5 |          |
| -   | -   | -             | 1 | -         | - | 5 | <b>6</b> |

The following table provides detailed findings for each applicable and rateable obligation with an individual assessment of compliance.

| No | Obligation under Condition  | Compliance Rating | Findings   |
|----|---|-------------------|--|
| 72 | A distributor must attach or connect premises to a distribution system if a retailer or customer takes certain action and the circumstances in regulation 5(1) of the Electricity Industry (Obligation to Connect) Regulations exist.         | Compliant – 5     | <p>Through discussions with the Manager Customer Services and examination of Horizon Power’s Electricity Supply and Extension Manual (the Manual), we determined that Horizon Power has the following procedures in place to manage customer connections:</p> <ul style="list-style-type: none"> <li>• Horizon Power connects customers once they have applied for connection. Customers apply for connection either by contacting the customer care centre or completing the online application at Horizon Power’s website</li> <li>• Applications for connection to Horizon Power’s networks are first assessed in terms of whether or not Horizon Power’s ability to provide an electricity supply under Horizon Power’s integrated regional licence (section 3 of the Manual)</li> <li>• Should the connection be within Horizon Power’s footprint, and it is not required to extend the distribution system greater than 100 metres, the customer is connected.</li> </ul>  |
| 73 | A distributor that is obliged to attach or connect premises to the distribution system under regulation 4 of the Electricity Industry (Obligation to Connect) Regulations must extend the distribution system to a suitable connection point. | Compliant – 5     | <p>Through discussions with the Manager Customer Services and examination of the Manual and the Supply Extension Scheme procedure, we determined that Horizon Power has the following procedures in place to manage customer connections where customers apply for their premises to be connected to the distribution system in accordance with the provisions of Part 3 of the Regulations:</p> <ul style="list-style-type: none"> <li>• Horizon Power is obliged to connect customers where the distribution system is not required to be extended greater than 100 metres</li> <li>• Customers who are within the 100 metre limit are able to apply to Horizon Power under the Supply Extension Scheme. The Supply Extension Scheme procedures detail the process required to connect a customer to a suitable connection point</li> <li>• Horizon Power’s procedures require the customer to pay up front for the cost of the extension once the design of the job has been developed and estimated</li> <li>• Where the Licence boundary is required to be extended, an application is made to the Authority to extend its boundary. The Supply Extension Scheme procedure provides detailed steps on the application process.</li> </ul> |

| No | Obligation under Condition   | Compliance Rating | Findings  |
|----|--|-------------------|---|
| 74 | The capacity and standard of an extension must be adequate for the supply required and in accordance with accepted good industry practice as it would be applied by a prudent distributor.                       | Compliant – 5     | <p>The Manager Customer Services confirmed that all connections and practices followed are aligned to Western Australian Electricity Standards. The Horizon Power Electricity Supply and Extension manual references a number of publications that were used for its development, for example:</p> <ul style="list-style-type: none"> <li>• Western Australian Electrical Requirements – Published by Energy Safety WA</li> <li>• Electricity Distribution Regulations 1997</li> <li>• Electricity Industry (Obligation to Connect) Regulations 2005</li> <li>• Electricity Industry (Code of Conduct) Regulations 2005</li> <li>• Electricity (Supply Standards and System Safety) Regulations 2001.</li> </ul>  |
| 75 | A distributor that is obliged to attach or connect premises to the distribution system under regulation 4 of the Electricity Industry (Obligation to Connect) Regulations must do so within a defined timeframe. | Non-compliant – 2 | <p>Through discussions with the Team Leader – Billing Services and the Connections Officer, review of connection procedures and walkthrough of MBS and Velocity systems, we determined that Horizon Power has maintained the following processes to facilitate new connections:</p> <ul style="list-style-type: none"> <li>• The customer contacts the customer call centre requesting a new account and a new connection</li> <li>• The customer is required to engage a contractor to perform works at their premises. The electrical contractor is required to submit a preliminary notice to Horizon Power outlining works being undertaken</li> <li>• Once works are completed, the electrical contractor submits a ‘Notice of Completion’ to Metering Services. The electrical contractor may be subject to inspection according to ELIS requirements</li> <li>• All notices that are submitted are electronically time and date stamped (including the name of the employee who receipted the notice) by Connections Officers. MBS is updated with connection and energisation timing</li> <li>• An energisation service order is generated once all required inspections have been carried out (which acknowledges a finalised customer request), triggering the 20 business day timeframe. Horizon Power contacts customers to agree a date for completing the connection and energisation, ensuring that all connections and energisations are scheduled with customer’s knowledge. Details of such agreements are recorded in Velocity</li> <li>• All services orders are generated by Metering Services and forwarded to each regional depot</li> <li>• Connection timeframes are monitored via a new connections spreadsheet and assigned staff are responsible for ensuring connections are processed as soon as possible.</li> </ul> <p>Sample testing performed of the new connections processed during the period 1 October 2009 to 31 March 2011 did not indicate non-compliance with regulation 6 of the Obligation to Connect Regulations. However Horizon Power has acknowledged that in those instances where the connection is not scheduled to be completed within the 20 business day timeframe, the customer is not requested to evidence their agreement in writing, as required by sub regulation 6(2).</p> |

| No | Obligation under Condition   | Compliance Rating | Findings   |
|----|--|-------------------|--|
|    | <p><b>Recommendation 4/2011</b><br/>Horizon Power implement a process for obtaining customers' written agreement with connection timing arrangements in instances where the connection is scheduled to be performed outside of the 20 business day timeframe, where such delay does not relate to a safety inspection under Energy Safety regulations.</p> |                   | <p><b>Action Plan 4/2011</b><br/>Horizon Power will extend its connection procedures to ensure customers provide written acknowledgement of any arrangements to schedule connections at a time outside of the 20 business day timeframe provided for by sub regulation 6(2). This extension of procedures will involve the receipt of a customer's signature on a written statement on the service order, (or similar).<br/><b>Responsible Person:</b> Manager Customer Services<br/><b>Accountable Person:</b> Manager Customer Services<br/><b>Target Date:</b> 31 December 2011</p>   |
| 76 | A distributor must energise premises in certain prescribed circumstances.  | Compliant – 5     | <p><i>Obligations 76 and 77</i><br/>Through discussions with the Team Leader – Billing Services and the Connections Officer, review of connection procedures and walkthrough of MBS and Velocity systems, we determined that:</p>  |
| 77 | A distributor that is obliged to energise premises must do so within a defined timetable.  | Compliant – 5     | <ul style="list-style-type: none"> <li>• Horizon Power acts as both a retailer and distributor in first receiving customer connection requests and then performing the actual energisation of premises. Energisation service orders are established on the day of receipt or customer connection requests</li> <li>• Horizon Power will connect and energise customers, if a request is made from a customer and: <ul style="list-style-type: none"> <li>○ The customer's premises are within 100 metres of the distribution system</li> <li>○ The customer applies to have the distribution system extended</li> </ul> </li> <li>• The Velocity customer information system and MBS facilitate the flow of service orders to ensure customer connection/energisation requests (generated as an automated market file document) are issued by MBS and recorded in Velocity. Exception reports are also generated to identify open and rejected service orders</li> <li>• Horizon Power's processes are designed for energisation to be performed at the same time that the connection is completed by Horizon Power. Accordingly, Horizon Power targets all connections and energisations to be completed within the 20 business day timeframe required by sub-regulation 6, regardless of whether the premises are within a metropolitan or non-metropolitan area.</li> </ul> |

## 4.4 Electricity Industry (Licence Conditions) Regulations

### Obligations determined to be not applicable

All relevant obligations were determined to be applicable to Horizon Power's operations for the period subject to audit.

### Obligations determined to be not rateable

Horizon Power's compliance with the following obligation could not be rated as there was no relevant activity in the period subject to audit.

| Obligation | Reason  |
|------------|---|
| 80         | Confirmed from discussions with the Marketing Manager that the Coordinator has made no request for the amendment of its contracts during the period subject to audit. |

### Assessment of compliance

The table below summarises the audit's assessment of Horizon Power's compliance with the relevant obligations of the Regulations.

|     |     | Non-compliant |   | Compliant |   |   | Total    |
|-----|-----|---------------|---|-----------|---|---|----------|
| N/A | N/R | 1             | 2 | 3         | 4 | 5 |          |
| -   | 1   | -             | - | -         | 1 | 1 | <b>3</b> |

The following table provides detailed findings for each applicable and rateable obligation with an individual assessment of compliance. Note that separate findings are not provided for the obligation that cannot be rated, as detailed in the table above.

| No | Obligation under Condition   | Compliance Rating | Findings   |
|----|--|-------------------|--|
| 78 | The electricity corporation must offer to purchase renewable source electricity, under an approved contract, from an eligible customer who wishes to sell such electricity to the corporation.   | Compliant – 4     | <p>Through discussion with the Marketing Manager, consideration of Horizon Power’s contractual arrangements for the purchase of renewable energy from customers and examination of Horizon Power’s Renewable Energy Buyback Scheme, we determined that Horizon Power has:</p> <ul style="list-style-type: none"> <li>• Customers, as defined by the Electricity Industry (Licence Conditions) Regulations 2005, who are eligible to sell renewable source electricity to Horizon Power under an approved contract</li> <li>• Demonstrated a commitment to purchasing renewable electricity from eligible customers, upon application and if specific eligibility requirements are confirmed through the application and approval process</li> <li>• Established an approved contract for the purchase of renewable source electricity, which was last, revised and approved by the Office of Energy in 2010. Note that the terms and conditions are available on Horizon Power’s website.</li> </ul> <p>At the time of this audit, Horizon Power had:</p> <ul style="list-style-type: none"> <li>• Imposed a limit of 30 kilowatts in generating capacity for the REBS program</li> <li>• Determined that systems of greater than five kilowatts require a network impact study to ensure the network capacity can accommodate such a system</li> <li>• Placed all applications from customers to sell renewable source electricity to Horizon Power on hold in order to investigate the network impact of additional load generated from those sources.</li> </ul> <p>While such applications had not been rejected at the time of this audit, it is possible that Horizon Power finds that its network capacity will not accommodate the additional electricity generated from customer renewable sources. In that event, Horizon Power may be in a position where it cannot offer to purchase all renewable source electricity made available by customers.</p> |
|    | <p><b>Recommendation 5/2011</b></p> <p>Horizon Power:</p> <p>(a) Finalise its investigation into the extent to which its networks can accommodate the additional load generated from customer renewable sources</p> <p>(b) Liaise with the Office of Energy and the Authority for guidance in the event that its investigations find that Horizon Power cannot purchase all renewable source electricity from its customers.</p> |                   | <p><b>Action Plan 5/2011</b></p> <p>(a) Horizon Power will complete the reviews of its networks and develop suitable alternative feed in management system requirements that each customer will need to include in their installation once system capacity is reached</p> <p>(b) Liaison with the Office of Energy has commenced and all information will be provided when investigations are complete.</p> <p>Note that the Office of Energy has advised that they understand Horizon Power not to be in breach of the code where a networks technical limit has been reached and Horizon Power is not approving systems above 1.5 kW.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 31 December 2011</p>   |

| No | Obligation under Condition   | Compliance Rating | Findings   |
|----|--|-------------------|--|
| 79 | The electricity corporation must, as soon as practicable after the end of each financial year, submit a written report to the Coordinator regarding its costs in purchasing renewable source electricity under approved contracts. | Compliant – 5     | Through discussion with the Marketing Manager, we determined that Horizon Power submitted written reports to the Office of Energy (Coordinator) for the financial year, ending 30 June 2010. |

## 4.5 Electricity Industry Act

### Obligations determined to be not applicable

All relevant obligations were determined to be applicable to Horizon Power's operations for the period subject to audit.

### Obligations determined to be not rateable

Horizon Power's compliance with the following obligations could not be rated as there was no relevant activity in the period subject to audit.

| Obligation | Reason  |
|------------|---|
| 89         | The Regulation Compliance Coordinator confirmed that Horizon Power has been requested to amend its standard form contract; however the review was not completed during the period subject to audit and was not required to be delivered to the Authority until 4 April 2011. Therefore, an assessment of Horizon Power's compliance with this obligation cannot be made for the period subject to audit.  |
| 90- 92     | The Regulation Compliance Coordinator confirmed that: <ul style="list-style-type: none"> <li>Horizon Power has developed a draft Electricity Supply and Extension Policy, which is pending third party review prior to approval</li> <li>The Coordinator has not issued Horizon Power with any instruction for developing or amending a draft extension and expansion policy</li> <li>Horizon Power has not been directed to amend its draft policy.</li> </ul> Therefore, an assessment of Horizon Power's compliance with these obligations cannot be made for the period subject to audit. |
| 93         | The Regulation Compliance Coordinator confirmed that Horizon Power has not been designated as a supplier of last resort. Therefore, an assessment of Horizon Power's compliance with this obligation cannot be made for the period subject to audit.  |
| 95 - 96    | As Horizon Power does not operate in a regulated/covered electricity network, there are currently no other users who have access to its networks. Therefore, an assessment of Horizon Power's compliance with these obligations cannot be made for the period subject to audit.   |

### Assessment of compliance

The table below summarises the audit's assessment of Horizon Power's compliance with the relevant obligations of the Electricity Industry Act.

|     |     | Non-compliant |   | Compliant |   |   | Total     |
|-----|-----|---------------|---|-----------|---|---|-----------|
| N/A | N/R | 1             | 2 | 3         | 4 | 5 |           |
| -   | 7   | -             | - | -         | - | 9 | <b>16</b> |

The following table provides detailed findings for each applicable and rateable obligation with an individual assessment of compliance. Note that separate findings are not provided for those obligations that cannot be rated, as detailed in the table above.

| No | Obligation under Condition  | Compliance Rating | Findings  |
|----|---|-------------------|---|
| 81 | A licensee must, not less than once every 24 months, provide the Authority with a performance audit conducted by an independent expert acceptable to the Authority.   | Compliant – 5     | Deloitte was appointed with the Authority's approval on 18 November 2010, to undertake the performance audit for the period 1 October 2009 to 31 March 2011. This is the third audit conducted by an independent expert since the granting of the Licence in March 2006.  |
| 82 | A licensee must provide for an asset management system.   | Compliant – 5     | From discussions with the Technical Regulation and Compliance Manager, it is evident that Horizon Power has a functioning asset management system. This system is administered at different functional levels across the business, with the Manager Asset Strategy and Capability as the designated owner.        |
| 83 | A licensee must notify details of the asset management system and any substantial changes to it to the Authority.   | Compliant – 5     | The Asset Strategy Manager confirmed that: <ul style="list-style-type: none"> <li>• Horizon Power notified the Authority of its asset management system as part of its application for the Licence</li> <li>• There have been no substantial changes to the system during the period subject to audit.</li> </ul> |
| 84 | A licensee must provide the Authority with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the Authority.                | Compliant – 5     | Overdrive Holdings P/L t/a Qualeng was appointed, with the Authority's approval on 24 November 2010, to undertake the asset management system review for the period 1 October 2009 to 31 March 2011. This is the third review of Horizon Power's asset management system in accordance with its Licence.          |
| 85 | A licensee must pay to the Authority the prescribed licence fee within one month after the day of grant or renewal of the licence and within one month after each anniversary of that day during the term of the licence. | Compliant – 5     | By obtaining evidence of payment for the 2009/10 period licence fee, we confirmed that payment was made within the one month period required by s.17(1) of the Act.   |

| No | Obligation under Condition   | Compliance Rating | Findings   |
|----|--|-------------------|--|
| 86 | A licensee must take reasonable steps to minimise the extent or duration of any interruption, suspension or restriction of the supply of electricity due to an accident, emergency, potential danger or other unavoidable cause.   | Compliant – 5     | <p>Through discussions with the Regulation Compliance Coordinator and examination of Horizon Power's Crisis Management Plan (the Plan) we determined that:</p> <ul style="list-style-type: none"> <li>• Horizon Power maintains a Crisis, Emergency &amp; Business Continuity Management System, which is tested annually</li> <li>• The Plan commits Horizon Power to maintaining continuity of supply, safe and secure operations and is broken into the following elements: <ul style="list-style-type: none"> <li>○ Crisis Management and Communication</li> <li>○ Emergency Management</li> <li>○ Incident reporting and close-out</li> <li>○ Preparedness</li> </ul> </li> <li>• Appendix 11 of the Plan outlines specific actions to be taken for supply emergencies</li> <li>• Horizon Power Managers are notified of significant disruptions as and when they occur.</li> </ul> |
| 87 | A licensee must pay the costs of taking an interest in land or an easement over land.  | Compliant – 5     | <p>The Land and Approvals Coordinator confirmed that:</p> <ul style="list-style-type: none"> <li>• Horizon Power owns a number of properties or has interest in a number of easements over land on which it conducts its operations</li> <li>• Payments made in relation to easements or purchasing of land are made from appropriate project allowances, or through budgeted expenditure</li> <li>• A policy and procedure for Horizon Power's land management activities remains under development, with third party resources engaged to facilitate their development.</li> </ul>   |
| 88 | A retail or integrated regional licensee must not supply electricity to a small use customer otherwise than under a standard form contract or a non-standard form contract.  | Compliant – 5     | <p>Through discussions with the Manager Customer Services and walkthrough of Horizon Power's customer account set up procedures, we determined that Horizon Power is only able to provide electricity to small use customers under the Standard Form Contract approved by the Authority. The latest version of the Standard Form Contract (April 2008) is found on both the Authority and Horizon Power websites.</p>  |
| 94 | A retail, distribution or integrated regional licensee must not supply electricity to small use customers unless the licensee is a member of an approved scheme and is bound by and compliant with any decision or direction of the electricity ombudsman under the approved scheme. | Compliant – 5     | <p>Horizon Power has been granted an Electricity Integrated Regional Licence. The Licence precludes Horizon Power from supplying electricity to a small use customer unless it is a member of the approved electricity ombudsman scheme, to which it is bound to comply with requirements in relation to customer complaints handling. Horizon Power is an electricity industry member of the ombudsman scheme.</p>  |

## 4.6 Electricity Licences – Licence Conditions and Obligations

### Obligations determined to be not applicable

All relevant obligations were determined to be applicable to Horizon Power's operations for the period subject to audit.

### Obligations determined to be not rateable

Horizon Power's compliance with the following obligations could not be rated as there was no relevant activity in the period subject to audit.

| Obligation | Reason   |
|------------|--|
| 98         | The Manager Customer Services advised that Horizon Power has not been aware of any breaches of the applicable Code requirements. Should the need arise the Regulation Compliance Coordinator is responsible for reporting the breach to the Authority within the required timeframes.  |
| 99 - 100   | The Regulation Compliance Coordinator confirmed that Horizon Power has been requested to amend its standard form contract; however the review was not completed during the period subject to audit and was not required to be delivered to the Authority until 4 April 2011. Therefore, an assessment of Horizon Power's compliance with this obligation cannot be made for the period subject to audit. |
| 101        | The Team Leader - Billing Services confirmed that Horizon Power did not amend its standard form contract during the period 1 October 2009 to 31 March 2011. Therefore the requirement for the Authority to approve an amended contract is not relevant to Horizon Power's operations for the period subject to audit.  |
| 102        | The Regulation Compliance Coordinator confirmed that, during the period 1 October 2009 to 31 March 2011, Horizon Power did not amend its customer service charter. Therefore, the requirements under Licence Condition 15.2 are not rateable for the period subject to audit.  |
| 103        | The Asset Strategy Manager confirmed that Horizon Power did not expand or reduce its generating works, distribution and transmission systems outside of the established asset management systems and processes for the period 1 October 2009 to 31 March 2011.   |
| 106        | The Regulation Compliance Coordinator confirmed that, during the period 1 October 2009 to 31 March 2011, Horizon Power was not prescribed individual performance standards by the Authority.   |
| 109        | During the period 1 October 2009 to 31 March 2011, Horizon Power was not under external administration and had not undergone any significant change in circumstances upon which its Licence was granted, which may affect its ability to meet its licence obligations. Accordingly there was no obligation to report to the Authority.   |
| 111        | During the period 1 October 2009 to 31 March 2011, the Authority did not direct Horizon Power to publish any information in accordance with clause 30 of Horizon Power's Licence.  |

## Assessment of compliance

The table below summarises the audit's assessment of Horizon Power's compliance with the relevant obligations of the Licence Conditions and Obligations.

|     |     | Non-compliant |   | Compliant |   |   | Total     |
|-----|-----|---------------|---|-----------|---|---|-----------|
| N/A | N/R | 1             | 2 | 3         | 4 | 5 |           |
| -   | 9   | -             | - | 1         | 1 | 5 | <b>16</b> |

The following table provides detailed findings for each applicable and rateable obligation with an individual assessment of compliance. Note that separate findings are not provided for those obligations that cannot be rated, as detailed in the table above.

| No | Obligation under Condition   | Compliance Rating | Findings  |
|----|--|-------------------|---|
| 97 | A licensee must ensure that an electricity marketing agent of the licensee complies with the applicable Codes. | Compliant – 3     | <p>Horizon Power does not undertake marketing activities for the purposes of competing with other retailers, however the Code of Conduct does consider relevant employees and ServiceWorks' Customer Service Representatives (CSRs) to be "electricity marketing agents" as they act on behalf of Horizon Power:</p> <ul style="list-style-type: none"> <li>• "for the purpose of obtaining new customers" or</li> <li>• "in dealings with existing customers in relation to contracts for the supply of electricity"</li> </ul> <p>We have interpreted the Code of Conduct to impose those related marketing obligations on Horizon Power's electricity marketing agents.</p> <p>Through discussion with the ServiceWorks Call Centre Team Leader, we determined that call centre processes and procedures have been designed to facilitate compliance with the applicable codes.</p> <p>While all CSRs are required to attend on-going training in relation to their relevant responsibilities, the marketing requirements of the Code have not yet been incorporated into that training regime.</p> <p>Also, Horizon Power has not yet established a mechanism for active monitoring of compliance levels for marketing activities.</p> <p><i>Refer to Revised Action Plan 4/2009 at Section 5 of this report.</i></p> <p><i>Note: This finding and associated revised action plan also relates to obligation 113.</i></p> |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 104 | A licensee must not expand the generating works, distribution systems or transmission systems outside the licence area.   | Compliant - 4     | <p>Through examination of Horizon Power's supply extension procedures and discussion with the Manager Customer Services, we determined that:</p> <ul style="list-style-type: none"> <li>• Horizon Power uses the Distribution Facilities Information System (DFIS) to record the location of its operations and to outline the extent of its licensed areas</li> <li>• Horizon Power's Generic Full Cost – Customer Funded procedure outlines the steps for expanding distribution systems when a customer falls outside licensed areas. In particular, any request for extension of Horizon Power's services is to be checked against DFIS to ensure that it does not extend outside licensed boundaries</li> <li>• As part of the procedure for inclusion of communities into Horizon Power networks, an additional step has been included to require the Communities Officer to ensure the application for licence extension is prepared, submitted and approved prior to works commencing. We sighted evidence of this step being performed in relation to the supply of electricity to the Yunggora community.</li> <li>• The Electricity Supply &amp; Extension Manual was updated to alert staff for requirements of applying for boundary changes when necessary. We note that the revised Manual remains under review by the Office of Energy, so has not been formally implemented.</li> </ul> <p><i>Refer to Revised Action Plan 5/09 at Section 5 of this report, in relation to plans for finalisation of the Electricity Supply &amp; Extension Manual.</i></p> |
| 105 | A licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards. | Compliant – 5     | <p>The Manager Financial Reporting confirmed that:</p> <ul style="list-style-type: none"> <li>• Horizon Power is compliant with Australian Accounting Standards</li> <li>• The Office of the Auditor General (OAG) is responsible for auditing the annual statutory accounts of Horizon Power for compliance with Australian International Financial Reporting Standards (A-IFRS)</li> <li>• For the year ended 30 June 2010, RSM Bird Cameron conducted the audit on the OAG's behalf</li> <li>• There are no significant accounting transactions or items that would currently jeopardise Horizon Power's compliance with accounting standards.</li> </ul> <p>Horizon Power's published financial statements for the year ending 30 June 2010 was sighted. These statements were unqualified.</p>   |

| No  | Obligation under Condition   | Compliance Rating | Findings  |
|-----|--|-------------------|---|
| 107 | A licensee must comply, and require its auditor to comply, with the Authority's standard audit guidelines dealing with the performance audit.  | Compliant – 5     | <p>The Audit Plan approved by the Authority on 31 March 2011 commits Horizon Power and Deloitte (independent expert) to complying with the prescribed audit guidelines and reporting manual issued by the Authority. Deloitte confirms that this audit was undertaken utilising the framework from the audit guidelines.</p> <p>Deloitte has undertaken the audit utilising the Audit Guidelines: Electricity, Gas and Water Licences, dated August 2010.</p>   |
| 108 | A licensee must comply, and must require the licensee's expert to comply, with the relevant aspects of the Authority's standard guidelines dealing with the asset management system. | Compliant – 5     | <p>The Audit Plan approved by the Authority on 8 April 2011 commits Horizon Power and Qualeng (independent expert) to complying with the prescribed audit guidelines and reporting manual issued by the Authority.</p> <p>Qualeng has undertaken the audit utilising the Audit Guidelines: Electricity, Gas and Water Licences, dated August 2010.</p>  |
| 110 | A licensee must provide the Authority, in the manner prescribed, any information the Authority requires in connection with its functions under the Electricity Industry Act.         | Compliant – 5     | <p>Through discussions with the Regulation Compliance Coordinator, we determined that Horizon Power has processes in place to respond to requests for information from the Authority. We note that:</p> <ul style="list-style-type: none"> <li>• The Regulation Compliance Coordinator is responsible for: <ul style="list-style-type: none"> <li>○ Maintaining a log of communication with the Authority, including timing for submission of required information and reports</li> <li>○ Monitoring compliance with Horizon Power's licence obligations</li> </ul> </li> <li>• Horizon Power is required to submit compliance reports to the Authority by 31 August each year. Horizon Power submitted its 2010 compliance report to the Authority on 17 August 2010, therefore meeting the mandatory timeframe. The Authority requested additional information with regards to the 2010 compliance report, which was resubmitted on 3 September 2010</li> <li>• Each year, Horizon Power is required to provide information on its distribution and retail activity utilising the performance data sheets provided by the Authority. The reports were due on 20 September 2010 and were submitted on 16 September, therefore complying with the timeframe requirement</li> <li>• For the period subject to audit, the Authority has made ad hoc enquiries, but has not required formal reporting of information.</li> </ul> |
| 112 | Unless otherwise specified, all notices must be in writing.  | Compliant – 5     | The Regulation Compliance Coordinator maintains manual and scanned records to evidence formal communications with the Authority, which have been made via post or email.  |

## 4.7 Code of Conduct

### Obligations determined to be not applicable

The following obligations are not applicable to Horizon Power's operations.

| Obligation     | Reason   |
|----------------|--|
| 142 - 143, 225 | These clauses are not applicable to Horizon Power's operations as they impose an obligation of the retailer only where the retailer is a separate entity to the distributor, which is not the case (and will not be the case in the foreseeable future) in Horizon Power's licensed areas of operations. |
| 218            | Horizon Power is not licensed to engage in dual fuel contracts, therefore this clause is not applicable to Horizon Power's operations.<br>The Manager Customer Services also confirmed that Horizon Power, for the period 1 October 2009 to 31 March 2011, did not engage in dual fuel contracts.        |

### Obligations determined to be not rateable

Horizon Power's compliance with the following obligations could not be rated as there was no relevant activity in the period subject to audit.

| Obligation | Reason  |
|------------|---|
| 117, 121   | Obligation is not rateable as Horizon Power does not engage in door to door marketing and all Horizon Power's small use customers are on a standard form contract.  |
| 122 - 138  | Horizon Power operates exclusively in the North West Interconnect System and Regional Non Interconnect Systems. As there are no other retailers operating in these systems, Horizon Power does not engage in direct marketing activities, nor does it initiate contact with customers.<br>Accordingly, these obligations are not relevant to Horizon Power's operations for the period subject to audit and cannot be rated.                            |
| 140        | Through discussion with Team Leader Billing Services and examination of the Velocity system, we confirmed that a "Marketing" category has been setup to record all marketing related complaints. The "Marketing" category, at the time of audit, showed no complaints have been recorded.<br>We also confirmed through discussion with the Team Leader Billing Services that the Ombudsman has not requested details relating to marketing complaints.  |
| 145 - 149  | Through discussions with the Team Leader – Billing Services and an examination of Horizon Power's Hardship Policy, we determined that Horizon Power can offer shortened billing cycles to its customers. However, the Team Leader – Billing Services confirmed that Horizon Power has not processed any requests for shortened billing cycles as described by the Code. Accordingly, these obligations cannot be rated for the period subject to audit. |
| 150 - 151  | Through discussions with the Team Leader – Billing Services and consideration of Horizon Power's billing processes, we determined that Horizon Power has not offered bill smoothing arrangements for the period subject to audit. Accordingly, an assessment of compliance cannot be made for the period subject to audit.  |
| 181        | The Team Leader – Billing Services confirmed that Horizon Power has no small use customers currently subscribed to direct debit services. Accordingly, an assessment of compliance cannot be made for the period subject to audit.  |
| 228        | The Regulation Compliance Coordinator confirmed that the Minister has not published a set of criteria for relating to the maintenance of the Priority Restoration Register. Therefore, the clause is not rateable until such time criteria are published.   |

| Obligation    | Reason   |
|---------------|--|
| 238, 239      | <p>During the period subject to audit, Horizon Power had not received notification from a pre-payment meter customer that a person residing at the supply address depends on life support equipment. Therefore, there was no corresponding requirement to revert a pre-payment meter to a standard meter and clauses 9.6(2) and 9.6(3) are not rateable for this audit period.</p> <p>As the audit did identify an opportunity for Horizon Power to improve procedures for managing its life support register, further details of Horizon Power's procedures relevant to obligation 238 are provided in the detailed findings at section 4.1 "Type 1 Reporting obligations for all licence types" above.</p> |
| 248, 249      | As there were no instances of overcharging of the pre-payment meter customers for the period subject to audit, these clauses were not rateable.  |
| 250           | As Horizon Power has not attempted to recover any undercharged monies from pre-payment meter customers for the period subject to audit, this clause was not rateable.  |
| 263           | <p>As section 10.3A of the Code came into effect from 1 July 2010, Horizon Power has until 30 June 2011 to meet the requirement to, at least once a year provide customers with written details of its obligation to make the service standard payments listed in Part 14 of the Code.</p> <p>The Team Leader – Billing Services confirmed that Horizon Power had not provided such details to customers during the period to 31 March 2011, with a notice scheduled to be distributed to customers in April 2011.</p> <p>An assessment of compliance cannot be made for the period subject to audit.</p>  |
| 297           | This obligation was introduced and came into effect when the new Small Use Code of Conduct became operational on 1 July 2010. While Horizon Power had maintained records in relation to customer connections for the duration of the audit period, it had not specifically maintained records of reconnections as it had not yet not formed a position on what constitutes a reconnection. As the reporting of this specific record for 2010/11 is not required until 31 October 2011, this obligation is not rateable for the period subject to audit.  |
| 308, 310, 316 | Clauses 14.1(2) and 14.2(2) of the Code relate to a distributor's obligation to a retailer. As Horizon Power acts in both capacities, the clauses are not relevant to Horizon Power's operations for the period subject to audit.  |
| 312, 314      | Horizon Power's 2009/10 Code of Conduct annual performance report and customer complaints register contained no record of a service standard payment to customers for failing to acknowledge or respond to a customer query of complaint within the timeframes required by the Code. The Team Leader – Billing Services also confirmed that Horizon Power has not made a service standard payment in relation to complaints timeframes. Therefore, the obligations are not rateable for the period subject to audit.   |

## Assessment of compliance

The table below summarises the audit's assessment of Horizon Power's compliance with the relevant obligations of the Code of Conduct.

|     |     | Non-compliant |   | Compliant |    |     | Total      |
|-----|-----|---------------|---|-----------|----|-----|------------|
| N/A | N/R | 1             | 2 | 3         | 4  | 5   |            |
| 5   | 39  | -             | 9 | 4         | 29 | 123 | <b>209</b> |

The following table provides detailed findings for each applicable and rateable obligation with an individual assessment of compliance. Note that separate findings are not provided for those obligations that are not applicable or cannot be rated, as detailed in the tables above.

| No                        | Obligation under Condition  | Compliance Rating | Findings  |
|---------------------------|---|-------------------|---|
| <b>Part 2 - Marketing</b> |   |                   |   |
| 113                       | A retailer must ensure that its electricity marketing agents comply with Part 2 of the Code of Conduct, subject to clause 2.1A.                             | Compliant – 3     | <i>Refer to findings for obligation 97 above and Revised Action Plan 4/2009 at Section 5 of this report.</i>  |
| 114                       | An electricity marketing agent must ensure that standard and non-standard contracts are entered into in the manner and satisfying the conditions specified. | Compliant – 4     | <p>Through discussion with Manager Customer Services and Team Leader - Billing Services and examination of Horizon Power's processes for establishing contracts with customers, we determined that:</p> <ul style="list-style-type: none"> <li>• Horizon Power only offers the standard form contract to all small use customers</li> <li>• Contracts are entered over the phone, where the customer's signature is not required</li> <li>• The date the customer signs up is entered in Velocity and is deemed as the start date of the contract, unless the customer has started using electricity prior to opening an account with Horizon Power, in which case an earlier date would be applicable</li> <li>• The terms and conditions of a standard form contract is available on Horizon Power's website at no charge. The contract can also be mailed out to the customer if requested.</li> </ul> <p>At the time of this audit, Horizon Power's standard form contract was located only within the business customers section of its website. This location is difficult for residential customers to find.</p> |
|                           | <p><b>Recommendation 6/2011</b></p> <p>Horizon Power add a link to its standard form contract in the residential customers section of its website.</p>      |                   | <p><b>Action Plan 6/2011</b></p> <p>As part of the current update to the Horizon Power web page, links to the standard form contract will be updated.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p>  |
| 115                       | An electricity marketing agent must ensure that the information specified is provided to the customer before arranging a contract.                          | Compliant – 5     | <p>Through discussion with ServiceWorks Customer Service Manager and Team Leader - Billing Services and examination of Horizon Power's processes for accepting new customers (which includes examining closing scripts provided to CSRs), we determined that Horizon Power:</p> <ul style="list-style-type: none"> <li>• Requires all small use customers to be signed up under a standard form contract</li> <li>• Advises the customer that a contract can be provided to them on request</li> <li>• Provides relevant required information to the customer before arranging a contract.</li> </ul>   |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
| 116 | Where a standard form contract is not entered into as a result of door to door marketing or for a non-standard contract initiated by telephone or electronic means by the customer, an electricity marketing agent must obtain and make a record of the customer's verifiable consent that the specified information has been given.   | Compliant – 5     | Through discussion with the ServiceWorks Customer Service Manager and consideration of Horizon Power's processes for accepting new customers, we understand that: <ul style="list-style-type: none"> <li>CSRs are instructed to obtain customers' consent that they have been provided with the following information when entering into a contract: <ul style="list-style-type: none"> <li>The availability of the terms of contract (on Horizon Power's website, or via direct provision by a CSR, at the customer's request)</li> <li>That the customer is entitled to a written copy of the contract upon request.</li> </ul> </li> <li>Typically, customer consent is given orally and recorded in Velocity as the majority of contracts are signed up over the phone.</li> </ul>           |
| 118 | Where the customer has entered into a new contractual relationship with a retailer or electricity marketing agent, the retailer or electricity marketing agent must offer to provide the customer with a copy of the contract and, where this offer is accepted by the customer, provide a copy of the contract at that time or as soon as possible thereafter.  | Compliant – 5     | <i>Obligations 118 to 120</i><br>Through discussion with the ServiceWorks Customer Service Manager and consideration of Horizon Power's processes and procedures for accepting new customers, we determined that Horizon Power's processes provide for: <ul style="list-style-type: none"> <li>A customer to be offered a copy of the contract and if accepted, the contract will be sent out the following day</li> <li>Horizon Power to advise the customer how to obtain a copy of the Code of Conduct and other information on tariffs, fees, charges and other service levels</li> <li>Horizon Power to provide the information prescribed in 2.4(2) by sending a copy of the Customer Service Charter to all new customers on the following day after entering into a contract.</li> </ul> |
| 119 | Where the customer has entered into a new contractual relationship with a retailer or electricity marketing agent, the retailer or electricity marketing agent must give the information specified to the customer.  | Compliant – 5     | For customers from the remote communities where Horizon Power performs personal visits for the purpose of signing up customers on pre-payment meters: <ul style="list-style-type: none"> <li>An information pack containing all the specified information in clause 2.4(2) is provided to the customer</li> <li>A copy of the standard form contract is provided to the customer.</li> </ul>   |
| 120 | Subject to clause 2.4(5), in circumstances where a standard form contract is not entered into as a result of door to door marketing, a retailer or electricity marketing agent must give the specified information no later than with, or on, the customers first bill and if requested by the customer, and the customer has not previously been provided a copy of the contract, a copy of the contract must be provided to the customer at no charge. | Compliant – 5     | <ul style="list-style-type: none"> <li>An information pack containing all the specified information in clause 2.4(2) is provided to the customer</li> <li>A copy of the standard form contract is provided to the customer.</li> </ul>   |
| 139 | A retailer and an electricity marketing agent must comply with the National Privacy Principles as set out in the Privacy Act 1998 in relation to information collected under Part 2 of the Code of Conduct.  | Compliant – 5     | Through an examination of the ServiceWorks contract, we determined that Horizon Power has addressed the requirements of the National Privacy Principles in relation to its customer data by requiring ServiceWorks to comply with its privacy policy in the treatment of personal information.   |

| No                      | Obligation under Condition  | Compliance Rating   | Findings   |
|-------------------------|---|---------------------|--|
| 141                     | A record or other information that an electricity marketing agent is required, by the Code, to keep, must be kept for at least 2 years after the last time the person to whom the information relates was contacted by or on behalf of the electricity marketing agent. | Compliant – 5       | Through discussions with Team Leader Billing Services, we determined that complaints are recorded in Velocity where the records are kept for a minimum of 7 years. Horizon Power has not taken any action to remove any complaints data from Velocity and furthermore, data is backed up to tapes and archived off site.   |
| <b>Part 4 - Billing</b> |   |                     |  |
| 144                     | A retailer must issue a bill no more than once a month and at least once every three months unless the circumstances specified exist.   | Non - compliant – 2 | <p>Through discussion with the Team Leader – Billing Services and consideration of Horizon Power’s billing processes, we determined that:</p> <ul style="list-style-type: none"> <li>• Bill generation is automated in Velocity and customers are not able to request a more frequent billing cycle.</li> <li>• All customers are set up in Velocity to be either billed monthly or bi-monthly, depending on the customer type (i.e. business or residential)</li> <li>• Velocity receives meter reading data from MBS to facilitate the generation of customer invoices. Where an actual read cannot be obtained, MBS produces an estimated read, which is used to generate the invoice.</li> </ul> <p>The Manager Customer Services utilises an unbilled installation report to monitor billing timeframes and follow up with ServiceWorks as required. An examination of the unbilled installation report indicates that:</p> <ul style="list-style-type: none"> <li>• At 31 March 2011, 79 installations were unbilled for a period of greater than 90 days</li> <li>• A large volume of the unbilled installations relate to commercial and government customers (e.g. embedded networks), as the report is not solely designed for small use customers, rather all customers on Horizon Power’s footprint. The Manager Customer Services advised that all customers have been notified as to the reason for delays in billing</li> <li>• Horizon Power has been managing the unbilled installations, as the volume of unbilled installations greater than 90 days overdue has decreased from 1129 in August 2010 to 79 in March 2011.</li> </ul> <p>Our examination of a sample of 20 customer accounts indicates that, in contravention to its system rules, the Velocity system had allowed a customer to be billed twice in one month. At the time of our audit, the reason for this contravention was not known. Review of the customer contact logs indicates that the customer had not been placed onto a shortened billing cycle. Horizon Power’s reporting and monitoring regime does not identify breaches of billing frequency requirements or accounts at risk of breach (e.g. unbilled accounts approaching 90 days). We note that the Manager Customer Services is working with both ServiceWorks and Gentrack to develop reporting capabilities to facilitate compliance with Code requirements.</p> |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
|     | <p><b>Recommendation 7/2011</b><br/>Horizon Power:</p> <p>(a) Investigate and resolve the contravention to account billing frequency rules to ensure customers cannot be billed more frequently than once/month, unless agreed under s.4.2 of the Code</p> <p>(b) Update its exception reporting practices to proactively identify those accounts 'at risk' of breaching billing frequency requirements (e.g. a countdown report) to enable active management of Code requirements</p> <p>(c) Assign responsibility for monitoring billing timeframe compliance to an appropriate team member.</p> |                   | <p><b>Action Plan 7/2011</b></p> <p>(a) The contravention to account billing frequency rules has been investigated and Horizon Power has determined that:</p> <ul style="list-style-type: none"> <li>• The instance of billing the same customer twice in a month was very early in the ongoing development of the Velocity Customer Information System and the system error was corrected at that time</li> <li>• The system now includes safeguards to ensure billing more than once per month does not reoccur</li> </ul> <p>(b) ServiceWorks process and procedures will be updated to produce exception reports for unbilled accounts at 80 days to ensure compliance with this Code requirement</p> <p>(c) Consideration will be given to the viability of producing an exception report for customers billed twice in a month.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/><b>Accountable Person:</b> Manager Customer Services<br/><b>Target Date:</b> 30 September 2011</p> |
| 152 | A retailer must issue a bill to a customer at the customer's supply address, unless the customer has nominated another address or an electronic address.   | Compliant – 5     | <p>Through discussions with the Team Leader Billing Services and review of Horizon Power's billing procedures and systems, we determined that Horizon Power's procedures provide for:</p> <ul style="list-style-type: none"> <li>• Customers to have their bills sent to either the supply address or an alternative mailing address nominated by the customer</li> <li>• The customers' mailing address to be recorded when the customer establishes an account with Horizon Power</li> <li>• Customers to have the bill emailed directly to a nominated address.</li> </ul>  |
| 153 | A retailer must include minimum prescribed information on the customer's bill, unless the customer agrees otherwise.   | Compliant – 5     | <p>Examination of Horizon Power's current standard bill template indicates that the template contains the minimum information required by section 4.5 of the Code. As part of our sample testing for disconnections and reconnections we sighted copies of actual bills, which match the bill template.</p>  |
| 154 | A retailer must advise the customer of the amount of historical debt and its basis before, with or on the customer's bill, if the retailer wishes to bill the customer for the historical debt.  | Compliant – 5     | <p>Through discussion with the Team Leader Billing Services and walkthrough of Horizon Power's billing processes, we understand that in the event a historical debt is identified, Horizon Power's processes provide for either:</p> <ul style="list-style-type: none"> <li>• The amount to be recovered through the standard bill with the debt appearing under the previous balance</li> <li>• A special bill for the outstanding amount to be raised.</li> </ul> <p>Both types of notification are sent to the customer along with a cover letter, explaining the reasoning for the historical debt being billed.</p>   |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
| 155 | A retailer must base the customer's bill on the distributor's or metering agent's reading of the meter, or the customer's reading of the meter in the circumstances specified. | Compliant – 5     | <p>Through discussion with the Team Leader – Billing Services and consideration of Horizon Power's billing processes, we determined that Horizon Power has the following processes and systems in place for generating bills based on meter readings from Horizon Power's metering agents or self reads:</p> <ul style="list-style-type: none"> <li>• Horizon Power has contracted AMRS for the majority of its meter reading services. AMRS uploads meter reads into the MBS, which is currently maintained by Western Power (Horizon Power's designated metering agent)</li> <li>• For areas that are not serviced by AMRS, Horizon Power relies on the relevant customer to perform a self read. Where a self read is required: <ul style="list-style-type: none"> <li>○ Horizon Power mails a meter reading card to the customer</li> <li>○ The customer uses the card to record the meter read and mails back to Horizon Power for loading into the MBS.</li> </ul> </li> </ul> |
| 156 | A retailer must give the customer information that explains to that customer how to read a meter correctly (if applicable) in clear, simple and concise language.              | Compliant – 5     | <p>Through discussion with the Team Leader – Billing Services, we understand that Horizon Power's procedures provide for different self read cards to be sent to the customer depending on the type of meter. The cards are designed to look similar to the face of the meter:</p> <ul style="list-style-type: none"> <li>• For meters with dials, the customer is sent a card with dials similar to their meter and is asked to draw the position of the needle on the dials</li> <li>• For meters with a digital display, customers are instructed to write down the numbers shown on the display.</li> </ul> <p>Based on our examination, it appears that Instructions are written on the card in a clear and simple manner.</p>  |

| No  | Obligation under Condition  | Compliance Rating | Findings   |
|-----|---|-------------------|--|
| 157 | A retailer must use its best endeavours to ensure that metering reading data is obtained as frequently as is required to prepare its bills and, in any event, at least once every twelve months in accordance with clause 4.6(1)(a) of the Code of Conduct.   | Non-compliant - 2 | <p>Through discussion with the Team Leader – Billing Services and consideration of Horizon Power’s billing processes, we determined that Horizon Power has the following processes and systems in place to manage the acquisition of meter reading data:</p> <ul style="list-style-type: none"> <li>• Horizon Power has an agreement with Western Power for the maintenance of MBS</li> <li>• Reading schedules are managed by Western Power with meters being read either bi-monthly or monthly depending on the customer account type</li> <li>• AMRS performs the meter reads on Horizon Power’s behalf according to the meter read schedule produced by MBS.</li> </ul> <p>However, through discussions with the Team Leader – Billing Services and confirmations from the Manager Customer Services, we note that:</p> <ul style="list-style-type: none"> <li>• During the period 1 October 2009 to 31 March 2011, there were customers who have not had a meter read for a period of greater than 12 months</li> <li>• Neither MBS nor Velocity are able to produce exception reporting for customers without an actual read for 12 months</li> <li>• Horizon Power’s meter reading processes do provide for regular physical meter reads, reporting of exceptions to scheduled meter reads and special reads where required. However, Horizon Power: <ul style="list-style-type: none"> <li>○ Has not implemented an exception reporting process to identify installations that have not had an ‘actual read’ completed by a Horizon Power staff member or contractor</li> <li>○ Is currently implementing a reporting regime, which identifies those installations that have not been read for a period of 10 months or greater.</li> </ul> </li> </ul> <p>Consistent with the audit findings detailed at obligation 144 above, the Manager Customer Services advised that Horizon Power is working with both ServiceWorks and Gentrack to develop reporting capabilities to facilitate compliance with Code requirements.</p> |
|     | <p><b>Recommendation 8/2011</b></p> <p>Horizon Power:</p> <p>(a) Update its exception reporting and compliance monitoring regime to ensure that all meters are read at least once in every 12 month period. Such a regime should forecast those installations that are at risk of breaching the 12 month timeframe</p> <p>(b) Assign responsibility for monitoring meter read requirements to an appropriate team member.</p> |                   | <p><b>Action Plan 8/2011</b></p> <p>(a) The new metering database, mDATA21 has the required procedures built in to both ensure reads are obtained and identify meter reading exceptions approaching and after the 12 month milestone</p> <p>(b) mDATA21 will appropriately assign exceptions to the appropriate team member for monitoring and follow up.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p>   |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 158 | A retailer must give the customer an estimated bill in the manner specified, if the retailer is unable to reasonably base a bill on a reading of the meter.                                     | Compliant – 5     | Through discussions with the Team Leader – Billing Services and consideration of Horizon Power’s billing processes, we determined that Horizon Power’s procedures provide for: <ul style="list-style-type: none"> <li>Western Power to generate an estimated value in the event that a meter reading is not received</li> <li>The bill to clearly display that it is an estimated bill and that the amount is based on estimation.</li> </ul> We also observed that section 5.1 of Horizon Power’s standard form contract states that an estimate will be used if Horizon Power cannot reasonably base a bill on its reading of the meter.  |
| 159 | A retailer must specify the stated information in circumstances where the customer’s bill is estimated.   | Compliant – 5     | Examination of the current bill template indicates that the estimated bill template used by Horizon Power contains the minimum information required by section 4.8(2) of the Code. We sighted evidence of the estimated bill template being used for estimated bills issued to customers.   |
| 160 | A retailer must tell a customer, on request, the basis and reason for the estimation.   | Compliant – 5     | Through discussions with the Team Leader – Billing Services and consideration of Horizon Power’s billing processes, we determined that Customer Care Staff are trained to advise customers on the basis and reason for estimations. <p>We also observed that customer profiles in Velocity provide relevant information required by Customer Care Staff.</p>  |
| 161 | Where the retailer gives a customer an estimated bill and the meter is subsequently read the retailer must include an adjustment on the next bill to take account of the actual meter reading.  | Compliant – 5     | Through discussions with the Team Leader – Billing Services, examination of section 5.1 of the standard form contract and consideration of Horizon Power billing and account management processes, we determined that Horizon Power’s processes provide for: <ul style="list-style-type: none"> <li>Where an account is in credit (i.e. Horizon Power has overcharged the customer) the balance to be automatically adjusted on the customer’s account. Should the customer prefer a refund, the refund can be processed</li> <li>Where an account is in debit (i.e. Horizon Power has undercharged the customer) the balance to be automatically attached to the customer’s account. The customer is then advised of the balance.</li> </ul> We also observed evidence of adjustments made to bills after an actual meter reading is obtained. |
| 162 | A retailer must use its best endeavours to replace an estimated bill with a bill based on an actual reading if the customer satisfies the requirements as specified.                            | Compliant – 5     | Through discussion with the Team Leader – Billing Services, we determined that Horizon Power has processes and procedures in place to replace an estimated bill with a bill based on actual meter read if requested by a customer.  |
| 163 | A retailer must request the distributor or metering agent to test the meter if a customer requests the meter to be tested and pays any reasonable charge of the retailer for testing the meter. | Compliant – 5     | <i>Obligations 163 and 164</i><br>Through discussions with the Team Leader – Billing Services, we determined that Horizon Power has the following arrangements in place to perform a meter test, at a customer’s request:   |

| No  | Obligation under Condition  | Compliance Rating | Findings   |
|-----|---|-------------------|--|
| 164 | If the meter is tested and found to be defective, the retailer's reasonable charge for testing the meter (if any) is to be refunded to the customer.  | Compliant – 5     | <ul style="list-style-type: none"> <li>• Section 5.2 of Horizon Power's standard form contract outlines customers' right to request a meter test</li> <li>• Horizon Power current processes require upfront payment of the fee to perform the meter test. Once received, the Team Leader – Billing Services processes a meter exchange service order requesting a meter test</li> <li>• The meter is tested and if the results indicate: <ul style="list-style-type: none"> <li>○ The meter is running fast (i.e. overcharging the customer), the meter test fee is either refunded or credited to the customer account and the percentage of the overrun is refunded/credited to the customer</li> <li>○ The meter is running slow (i.e. undercharging the customer): <ul style="list-style-type: none"> <li>▪ Horizon Power's standard practice is to not re-coup monies from the customer</li> <li>▪ The meter test fee is either refunded or credited to the customer account.</li> </ul> </li> </ul> </li> </ul>  |
| 165 | A retailer must change the customer to an alternate tariff within the period specified if the customer applies to receive an alternate tariff and demonstrates to the retailer that they satisfy the conditions of eligibility. | Compliant – 5     | <p>Through discussion with Team Leader – Billing Services and examination of Horizon Power's Electricity Tariffs and charges brochure, we determined that:</p> <ul style="list-style-type: none"> <li>• Business customers who consume less than 160MWhs are the only customers who are able to transfer between tariffs, which would be captured by the Code requirements (being the L2 and L4 tariffs)</li> <li>• Eligibility requirements are dependent on the customer's consumption, i.e. for an L2 tariff the customer must consume no more than 50MWh's and an L4 tariff must consume more than 50MWh's and less than 160MWh's (to be captured by the Code requirements)</li> <li>• Business customers can apply to Horizon Power for a change in their tariff by contacting the customer care centre</li> <li>• The request will be reviewed by the Team Leader – Billing Services and be processed accordingly based on the customer's eligibility. The ServiceWorks processing timeframe is a maximum of 3 business days</li> <li>• If the customer is eligible for the alternate tariff, as a gesture of goodwill, Horizon Power will apply the new tariff from the beginning of the customer's billing cycle.</li> </ul> |

| No  | Obligation under Condition  | Compliance Rating | Findings   |
|-----|---|-------------------|--|
| 166 | A retailer must give the customer written notice prior to changing the customer to an alternative tariff if the customer's electricity use has changed and the customer is no longer eligible to continue to receive an existing, more beneficial tariff. | Compliant - 5     | <p>Through examination of Horizon Power's billing processes and discussions with the Team Leader – Billing Services, we determined that Horizon Power has the following processes in place for changing customers' tariffs:</p> <ul style="list-style-type: none"> <li>• Business customers who consume less than 160MWhs are the only customers who are able to transfer between tariffs, which would be captured by the Code requirements (being the L2 and L4 tariffs)</li> <li>• Eligibility requirements are dependent on the customer's consumption, i.e. for an L2 tariff the customer must consume no more than 50MWhs and an L4 tariff must consume more than 50MWhs and less than 160MWhs (to be captured by the Code requirements)</li> <li>• The Team Leader – Billing Services produces an alternative tariff review report to determine if any customers need to be moved onto an alternate tariff (i.e. from an L2 to L4 or vice-versa). Based on the findings of the review, the Team Leader – Billing Services requests ServiceWorks to mail the applicable customers with information concerning the change</li> <li>• Customers will only be changed to the new tariff when a new meter read is provided. Therefore, those customers for which Horizon Power has a meter read and are in within 3 business days of billing the customers will not be changed until the next billing cycle.</li> </ul> |
| 167 | A retailer may recover any amounts undercharged to a customer as a result of a change in the customer's electricity use for the period of up to 12 months prior to the date on which the retailer provided notice in the specified manner.                | Compliant – 5     | <p>Through discussions with the Team Leader – Billing Services and consideration of Horizon Power's billing processes, we determined that Horizon Power has the following processes to recover amounts that may be undercharged:</p> <ul style="list-style-type: none"> <li>• Horizon Power's standard process is to assess each customer to determine whether Horizon Power will attempt to re-coup funds. A factor in this decision is whether the customer has been consuming the relevant amount for the entire period</li> <li>• If the decision has been made to re-coup funds, the difference in the bills for the previous 12 months less two billing periods from the date the letter is sent to the customer will be calculated</li> <li>• The customer is then notified of the balance outstanding.</li> </ul>  |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 168 | A retailer must repay any amounts overcharged to a customer as a result of a change in the customer's electricity use.  | Compliant – 5     | <p>Through discussions with the Team Leader – Billing Services and examination of associated process documents, we determined that Horizon Power has the following procedures to arrange for overcharged amount to be returned to the customers:</p> <ul style="list-style-type: none"> <li>• Horizon Power's default practice is to credit any overcharged amount to the customer's account</li> <li>• If specifically requested by customer to have the amount refunded, Horizon Power can arrange for a cheque to be sent to the customer via the Finance department's fortnightly cheque run.</li> </ul>  |
| 169 | A retailer must use reasonable endeavours to arrange for a final bill if a customer requests the retailer to issue a final bill at the customer's supply address. | Compliant – 5     | <p>Section 9.3 of the standard form contract outlines the requirements for finalising customer accounts. The section states that if the customer moves out of the premises and no longer wishes to obtain electricity supply, the customer must advise Horizon Power:</p> <ul style="list-style-type: none"> <li>• Three business days before the customer moves out of the premises</li> <li>• Of the address where the final bill can be sent.</li> </ul> <p>Through discussions with the Team Leader – Billing Services and consideration of Horizon Power's billing processes, we determined that Horizon Power has processes and procedures in place to finalise customer accounts at the customer's request. In these circumstances, a final meter read service order is arranged from which a final bill is generated.</p>   |
| 170 | A retailer must repay the customer any amount in credit at the time of account closure.   | Compliant – 4     | <p>Through discussions with the Team Leader Billing Services and consideration of Horizon Power's billing processes, we determined that Horizon Power has the following processes and procedures in place to manage the account finalisation process:</p> <ul style="list-style-type: none"> <li>• Horizon Power's default approach is to transfer any credits to the customer's new supply address (if applicable) unless the customer specifically requested the amount to be refunded</li> <li>• At the time of account closure, Customer Service Representatives are trained to walk through the options with customers.</li> </ul> <p>We examined the customer complaint register and did not identify any complaints in relation to refund of credits after account closure.</p> <p>The Velocity system currently does not generate any reporting for finalised customer accounts with credits.</p> <p><i>Refer to Revised Action Plan 6/2009 at Section 5 of this report regarding Horizon Power's reporting and monitoring controls in relation to its Code requirements.</i></p> |

| No  | Obligation under Condition   | Compliance Rating | Findings  |
|-----|--|-------------------|---|
| 171 | A retailer must review the customer's bill on request by the customer, subject to the customer paying the lesser of the portion of the bill agreed to not be in dispute or an amount equal to the average of the customer's bill over the previous 12 months, and paying any future bills that are properly due. | Compliant – 5     | <p><i>Obligation 171 to 173</i></p> <p>Through discussions with the Team Leader – Billing Services and consideration of Horizon Power's billing processes, we determined that Horizon Power has the following processes in place to facilitate the review of a customer account on request:</p> <ul style="list-style-type: none"> <li>• Horizon Power's CSRs are trained to deal with customer requests to review a bill, enabling a review to be performed on request</li> <li>• Requests for review of a customer's bill are resolved immediately, or referred to a relevant team for resolution. The request will be made to Horizon Power Billing or Metering Services who will provide a response to ServiceWorks within 2 business days (service standard). ServiceWorks will then respond to the customer upon advice from the Horizon Power</li> <li>• Where the bill is assessed as correct by Horizon Power, depending on the issue relating the bill, the CSR informs the customer of the options available where they are not happy with the assessment, including the use of the complaints handling processes</li> <li>• Where the bill is assessed as incorrect by Horizon Power, the default process is for a credit to be applied to the customer account. Alternatively, the customer may request a refund.</li> </ul> <p>Such practices provide for customers to be informed of the outcome of a review within 20 business days from the date of receipt of the request. Examination of the customer complaints register did not identify complaints relating to requesting a review of a customer account.</p> |
| 172 | A retailer must follow the procedures specified if a review of a bill has been conducted and the retailer is satisfied that the bill is correct or incorrect.  | Compliant – 5     |   |
| 173 | A retailer must inform the customer of the outcome of the review of a bill as soon as practicable, but, in any event, within 20 business days from the date of receipt of the request for review.  | Compliant – 5     |   |
| 174 | A retailer must recover an amount undercharged as a result of an act or omission by a retailer or distributor in the manner specified.   | Compliant – 5     | <p>Through discussions with the Team Leader – Billing Services and consideration of Horizon Power's billing processes, we determined that Horizon Power has the following procedures in place to manage accounts requiring adjustments:</p> <ul style="list-style-type: none"> <li>• Where an account is in debit (i.e. a customer has been undercharged) the balance is attached to the customer's next account. The customer is then advised of the balance</li> <li>• In all instances where an amount is undercharged, the customer is asked how they would prefer to settle the revised charge, with an instalment payment plan being an available option. An instalment plan can then be devised if requested by the customer</li> <li>• In the event of an undercharging, Horizon Power recognises that it can recover undercharged amounts for up to 12 months from the date the customer is notified of the undercharge</li> <li>• Horizon Power does not charge interest or fees for the amount recovered from the customer</li> <li>• Horizon Power's default process is to cancel the bills in question and issue a revised account with an accompanying letter.</li> </ul>   |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 175 | A retailer must use its best endeavours to inform the customer (including a customer who has vacated the supply address) and repay or credit any amount overcharged as a result of an act or omission by a retailer or distributor, in the manner and period specified. | Non compliant – 2 | <p>Through discussions with the Team Leader - Billing Services and consideration of Horizon Power's billing processes, we determined that Horizon Power has processes and procedures in place to manage the refund process including:</p> <ul style="list-style-type: none"> <li>• Immediately notifying the customer of any overcharge and discussing resolution alternatives</li> <li>• CSRs attempting to contact customers who have been overcharged and have moved address.</li> </ul> <p>These work practices provide for the customer to be informed of any such overcharge within 10 business days.</p> <p>However, Horizon Power's work practices do not provide for customers to be asked for instructions as to whether the overcharged amount (if \$45 or more) should be credited to the customer's account or otherwise repaid to the customer. Rather the default resolution is to credit the customer's account unless the customer requests a payment via cheque. Accordingly, Horizon Power's practices do not fully comply with clause 4.19(6) of the Code.</p>  |
|     | <p><b>Recommendation 9/2011</b></p> <p>Horizon Power strengthen its refund procedures to ensure customers are asked to nominate the refund method they require Horizon Power to use.</p>  |                   | <p><b>Action Plan 9/2011</b></p> <p>Procedures for managing the refund process will be strengthened to ensure customers are asked to nominate the refund method they require Horizon Power to use.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p>   |
| 176 | A retailer must pay the amount overcharged in accordance with the customer's instructions within 12 business days of receiving the instructions.  | Compliant – 4     | <p><i>Obligations 176 and 177</i></p> <p>Through discussions with the Team Leader - Billing Services and consideration of Horizon Power's billing processes, we determined that Horizon Power's processes and procedures for managing the refunds process include:</p> <ul style="list-style-type: none"> <li>• Horizon Power's default approach is to transfer any credits to the customer's supply address unless the customer specifically requests the amount to be refunded after the CSRs have made contact with the customer</li> <li>• If the amount is to be refunded, the CSR is to submit a request for work flow approval. Refunds are processed via fortnightly cheque run.</li> </ul> <p>Examination of the customer complaint register did not identify instances of complaints in relation to repayment of an overcharged amount.</p> <p>We note that Horizon Power's reporting systems do not facilitate monitoring of refund timeframes. Due to the frequency of Horizon Power's cheque run, Horizon Power may potentially breach the requirements of s.4.19(2) and s.4.19(4) of the Code. <i>Refer to the status of Revised Action Plan 6/2009 at Section 5 of this report regarding Horizon Power's reporting and monitoring controls in relation to its Code requirements.</i></p> |
| 177 | A retailer must use reasonable endeavours to credit the amount overcharged within 20 business days of the customer making the request, in circumstances where instructions as to payment are not received.  |                   |   |

| No                      | Obligation under Condition  | Compliance Rating | Findings  |
|-------------------------|---|-------------------|---|
| <b>PART 5 – PAYMENT</b> |   |                   |   |
| 178                     | The due date on the bill must be at least 12 business days from the date of the bill, with the date of dispatch deemed to be the date of the bill, unless the retailer specifies a later date                               | Compliant – 5     | <p>Through discussions with the Team Leader – Billing Services and walkthrough of payments processes, we determined that Horizon Power has the following in place to manage the payment cycle of customer bills:</p> <ul style="list-style-type: none"> <li>Section 6.2 of the standard form contract states that “the due date will be at least 12 business days from the date of the bill”</li> <li>The due date of a bill is calculated automatically by Velocity with the due date being at least 12 business days from the date of the bill as one of the preset conditions</li> <li>Credit management policies and procedures acknowledge the requirement for customer bills to be at least 12 business days.</li> </ul> <p>We examined both a current standard bill and an estimated bill and observed that both had due dates of at least 12 business days from the date of the bill.</p> |
| 179                     | A retailer must offer the specified minimum payment methods.  | Compliant – 5     | We examined a sample bill and observed that the minimum payment methods prescribed in s.5.2(1) of the Code are offered by Horizon Power.  |
| 180                     | A retailer must comply with the Electronic Funds Transfer Code of Conduct in making an electronic payment.  | Compliant – 5     | <p>Section 5.2(2) of the Code states that ‘all electronic payment arrangements must comply with the Electronic Funds Transfer Code of Conduct’. Horizon Power relies on Commonwealth Bank to comply with the EFT Code of Conduct.</p> <p>The Commonwealth Bank’s Manager, Government Banking Group confirmed the Commonwealth Bank’s compliance with the EFT Code of Conduct. The Commonwealth Bank is listed on the Australian Securities &amp; Investments Commission website as an organisation that has adopted the EFT Code of Conduct.</p>  |
| 182                     | A retailer must accept payment in advance from a customer on request, in the circumstances specified.   | Compliant – 5     | <p>Through discussion with the Team Leader - Billing Services and walkthrough of Horizon Power’s payments process, we determined that Horizon Power:</p> <ul style="list-style-type: none"> <li>Accept payments in advance for any amount (i.e. no minimum amount)</li> <li>Where applicable, places the customer’s account into credit.</li> </ul>   |
| 183                     | A retailer must, at no charge, offer a residential customer a redirection of the customer’s bill to a third person, if requested by a customer who is unable to pay by a minimum payment method, due to illness or absence. | Compliant – 5     | Through discussions with the Team Leader - Billing Services and examination of Horizon Power’s billing process, we determined that Horizon Power’s procedures provide for customers to have bills redirected to an alternate nominated address, at no charge.   |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
| 184 | A retailer must not charge a residential customer a late payment fee in the circumstances specified.   | Compliant – 5     | <p><i>Obligations 184 to 187</i></p> <p>Through discussions with the Team Leader - Billing Services and consideration of Horizon Power's credit management processes, we determined that Horizon Power has the following processes and procedures in place to manage the application of late payment fees:</p> <ul style="list-style-type: none"> <li>• Horizon Power charges late payment fees on the issue of the relevant reminder notices and disconnection warnings, each of which are at least 5 business days apart. The process is automated, i.e. the letter is produced and fee charged</li> <li>• Velocity will not process the charging of fees to customer accounts whilst accounts are suspended. Customer accounts are suspended when payment arrangements (including payment extensions) are agreed to, or a customer complaint is being dealt with</li> <li>• Late payment fees are not charged if: <ul style="list-style-type: none"> <li>○ A customer makes partial payments for the bill</li> <li>○ The customer is a concession customer type and they have not received two or more reminder notices in the previous 12 months in relation to the outstanding amount.</li> </ul> </li> <li>• Velocity is set-up so that a maximum of two late payment fees are charged for each bill and no more than 12 late payment fees over one year</li> <li>• Should a customer contact Horizon Power and be assessed as suffering from payment difficulties or financial hardship, the account is suspended (so no more fees or credit action can take place) and any fees and charges are reversed.</li> </ul> |
| 185 | A retailer must not charge an additional late payment fee in relation to the same bill within five business days from the date of receipt of the previous late payment fee notice.   | Compliant – 5     |  |
| 186 | A retailer must not charge a residential customer more than two late payment fees in relation to the same bill and more than 12 late payment fees in a year.   | Compliant – 5     |  |
| 187 | A retailer must, if a residential customer has been assessed as being in financial hardship, retrospectively waive any late payment fee charged pursuant to the residential customer's last bill prior to the assessment being made. | Compliant – 5     |  |

| No  | Obligation under Condition   | Compliance Rating | Findings  |
|-----|--|-------------------|---|
| 188 | A retailer must not require a customer who has vacated a supply address to pay for electricity consumed at the customer's supply address in the circumstances specified.                                 | Compliant – 4     | <p>Through discussions with the Team Leader - Billing Services and consideration of Horizon Power's billing processes, we determined that Horizon Power's has the following processes in place to finalise customer accounts:</p> <ul style="list-style-type: none"> <li>• Section 9.3(a) of the standard form contract states that if a customer moves out of a supply address and no longer wish to obtain an electricity supply at the premises, the customer must advise Horizon Power: <ul style="list-style-type: none"> <li>○ At least 3 business days before the customer vacates the premises</li> <li>○ Of an address where the final account can be sent.</li> </ul> </li> <li>• CSRs initiate the account finalisation process and submit a service order in Velocity requesting a final meter read of the supply address</li> <li>• AMRS reads the meter within 3 business days of request, or a date agreed upon with the customer</li> <li>• Customers are charged for consumption up to the final meter read.</li> </ul> <p><i>Refer to Revised Action Plans 6/2009 and 11/2009 at Section 5 of this report regarding Horizon Power's reporting and monitoring controls in relation to its Code requirements.</i></p> |
| 189 | A retailer must not require a customer who was evicted or otherwise required to vacate a supply address to pay for electricity consumed at the customer's supply address in the circumstances specified. | Compliant – 5     | <p>Through discussions with the Team Leader - Billing Services and examination of Horizon Power's billing processes, we determined that Horizon Power has processes and procedures to manage circumstances where customers are evicted or otherwise required to vacate a supply address includes:</p> <ul style="list-style-type: none"> <li>• Section 9.3(c) of the standard form contract outlines that Horizon Power will not require a customer to pay for electricity consumption beyond the period of notice if the customer is forced to vacate the supply address and the customer notifies Horizon Power immediately</li> <li>• Credit management processes are designed to stop charges from the day the customer is evicted provided the customer can provide reasonable evidence.</li> </ul>  |
| 190 | A retailer must not require a previous customer to pay for electricity consumed at the supply address in the circumstances specified.  | Compliant – 5     | <p>Through discussions with the Team Leader Billing Services and examination of Horizon Power's billing processes, we determined that Horizon Power has the following processes and procedures to manage the account finalisation process:</p> <ul style="list-style-type: none"> <li>• The debt is recoverable only from the customer who entered into a contract with Horizon Power</li> <li>• Once a contract is established and formalised in Velocity, the system does not permit an amount to be billed to the previous customer of the same supply address.</li> </ul>   |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
| 191 | A retailer must comply with the Conduct Principles set out in the guideline on debt collection issued by the Australian Competition and Consumer Commission. | Compliant - 5     | <p>Section 5.8 (1) of the Code states that ‘a retailer must comply with Part 2 of the Debt collection guideline for collectors and creditors issued by the Australian Competition and Consumer Commission concerning Section 60 of the Trade Practices Act 1974 of the Commonwealth’.</p> <p>Through discussion with Manager Customer Services and examination of Horizon Power’s debt collection procedures, we determined that Horizon Power has established the following practices to demonstrate compliance with the Conduct Principles from the debt collection guideline issued by the Australian Competition and Consumer Commission:</p> <ul style="list-style-type: none"> <li>• Horizon Power has selected Dunn &amp; Bradstreet as its debt collection agency. Accounts with debt exceeding \$20 and outstanding for more than 60 days are referred to the debt collection agency</li> <li>• Dunn &amp; Bradstreet’s State Manager confirmed that regular training is held for staff with reference to internal procedures, which emphasise the requirements of the ACCC and the Privacy Act</li> <li>• Horizon Power’s debt collection procedures refer to the guideline on debt collection issued by the ACCC</li> <li>• Examination of the customer complaints register indicates that there were no complaints relating to Horizon Power’s debt collection practices.</li> </ul> |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
| 192 | A retailer must not commence proceedings for recovery of a debt in the circumstances specified.  | Compliant - 4     | <i>Obligations 192 and 193</i><br>Through discussions with the Team Leader - Billing Services and examination of Horizon Power's credit management processes, we determined that Horizon Power has the following procedures to manage debt collection:   |
| 193 | A retailer must not recover or attempt to recover a debt relating to a supply address from a person other than the customer with whom the retailer has or had entered into a contract for the supply of electricity to that supply address.  | Compliant - 4     | <ul style="list-style-type: none"> <li>• Customers are contacted prior to being referred to debt collection</li> <li>• Customers are not to be referred to debt collection if they are: <ul style="list-style-type: none"> <li>○ Experiencing payment difficulties or financial hardship</li> <li>○ Making payments under agreed payment plans</li> </ul> </li> <li>• Referrals to collections agencies are only made for account holders who are no longer customers</li> <li>• Debt is only to be recovered from the customer of the supply address, who actually incurred the debt. Velocity is designed to only allow one account to be attached to a supply address; as such it is only possible to bill for the consumption from a supply address to one customer at any given time.</li> </ul> <p>Through discussions with the Team Leader – Billing Services, we note that:</p> <ul style="list-style-type: none"> <li>• Horizon Power uploads accounts to Dunn &amp; Bradstreet using an overnight batch file. The Team Leader – Billing Services confirmed that there have been no issues with this data file during the period subject to audit</li> <li>• Horizon Power had not: <ul style="list-style-type: none"> <li>○ Applied a consistent approach for actively monitoring the status of customers referred to debt collection and any subsequent action relating to the customer's debt (e.g. regular reporting of collection results, including any failure to recover overdue amounts within 30 days, therefore triggering debt write-off procedures)</li> <li>○ Assigned responsibility for monitoring debt collection activity to an appropriate staff member.</li> </ul> </li> </ul> <p>Sample testing performed of the customers referred to debt collection during the period 1 October 2009 to 31 March 2011 did not indicate non-compliance with section 5.8 of the Code.</p> |
|     | <p><b>Recommendation 10/2011</b></p> <p>Horizon Power:</p> <p>(a) Strengthen its debt collection procedures to provide for active monitoring of the status of customers referred to debt collection</p> <p>(b) Assign responsibility for monitoring debt collection activity to an appropriate staff member.</p> |                   | <p><b>Action Plan 10/2011</b></p> <p>The procedures for monitoring debt referred to a collection agency will be improved and follow-up and reporting responsibilities will be assigned to an appropriate staff member.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>   |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|---|---|-------------------|---|
| <b>PART 6 – PAYMENT DIFFICULTIES AND FINANCIAL HARDSHIP</b> |   |                   |   |
| 194   | A retailer must assess whether a residential customer is experiencing payment difficulties or financial hardship, within three business days from when the residential customer informs a retailer that they are experiencing payment problems. | Compliant – 4     | <p>Through discussion with the Team Leader – Billing Services and examination of procedural documentation, we determined that Horizon Power has the following processes and procedures to facilitate an assessment of customer’s financial situation within three business days:</p> <ul style="list-style-type: none"> <li>• Horizon Power has developed a Financial Hardship policy (Hardship Policy), which assists Horizon Power and ServiceWorks staff in performing a preliminary assessment of a customer’s financial situation. CSRs are trained in relation to the Hardship Policy</li> <li>• ServiceWorks CSRs are responsible for performing the initial assessment in line with the Hardship Policy</li> <li>• An initial assessment is to be performed immediately (while the customer is on the phone) and if the customer is determined to be experiencing financial hardship, the customer is referred to a relevant government agency or financial counsellor</li> <li>• Where a customer has contacted Horizon Power via email or letter, the contact is printed out on a daily basis and distributed to the ServiceWorks by way of an activity queue. The Team Leader – Billing Services advised that most communications are made via phone, with a very small number by email</li> <li>• Horizon Power’s service standards are to respond to all customer queries, whether it be by phone, email or letter, within three business days. All discussions with customers are logged in Velocity</li> <li>• The Team Leader Billing Services is responsible for monitoring the status of payment difficulty and financial hardship cases.</li> </ul> <p>Testing of a sample of customers who were assessed (during the period 1 October 2009 to 31 March 2011) as to whether they were in financial hardship or suffering from payment difficulties indicated that those assessments had been performed within three business days.</p> <p>Horizon Power has not implemented an exception reporting regime to monitor compliance with the Code, in this case relating to s.6.1(1). <i>Refer to Revised Action Plan 6/2009 at Section 5 of this report regarding Horizon Power’s reporting and monitoring controls in relation to its Code requirements.</i></p> |

| No  | Obligation under Condition   | Compliance Rating | Findings  |
|-----|--|-------------------|---|
| 195 | A retailer must give reasonable consideration to the information and advice specified when undertaking an assessment regarding payment difficulties or financial hardship.   | Compliant – 5     | <p>Through discussions with the Team Leader - Billing Services and examination of the Financial Hardship Policy, we determined that Horizon Power:</p> <ul style="list-style-type: none"> <li>• Has procedures in place to assist staff in making preliminary assessments of a customer's financial situation using information: <ul style="list-style-type: none"> <li>○ Provided by the customer</li> <li>○ Currently held by Horizon Power</li> <li>○ From relevant third parties, e.g. financial counsellor/relevant government agency.</li> </ul> </li> <li>• Where the customer has been assessed by Horizon Power as potentially being in financial hardship, the customer is referred to a financial counsellor for a formal assessment.</li> <li>• CSRs are trained on how to assess a customer's financial situation</li> <li>• Generally, customers who advise Horizon Power that they are experiencing payment difficulties will be granted a payment extension.</li> </ul> |
| 196 | A retailer must advise a residential customer on request of the details of an assessment.  | Compliant - 5     | <p>Through discussions with the Team Leader - Billing Services we determined that Customer Service Representatives are aware that customers are entitled to information regarding their assessment.</p> <p>The Team Leader - Billing Services advised that Horizon Power staff are not provided with the details of the financial counsellor's assessment, other than a decision as to whether the customer is suffering from financial hardship. If a customer requests information regarding the detailed financial counsellor's assessment, Horizon Power will direct the customer to the respective financial counsellor.</p>   |
| 197 | A retailer may not unreasonably deny a residential customer's request for a temporary suspension of actions in the circumstances specified.  | Compliant – 5     | <p><i>Obligations 197 to 199</i></p> <p>Through discussions with the Team Leader - Billing Services and examination of the Hardship Policy, we determined that Horizon Power has the following procedures in place to manage temporary suspensions:</p> <ul style="list-style-type: none"> <li>• CSRs are authorised to suspend customer accounts for a period of 15 business days. The suspension prevents disconnection and further credit management actions being performed against the customer's account</li> <li>• If a customer representative organisation or financial counsellor requires more time to assess the customers' situation, CSRs are authorised to approve an extension of up to 2 weeks</li> <li>• Any further requests by a customer representative organisation or financial counsellor will be duly considered by the Team Leader – Billing Services.</li> </ul>   |
| 198 | A retailer must allow a temporary suspension of actions for a period of at least 15 business days.   | Compliant – 5     |   |
| 199 | A retailer must give reasonable consideration to a request by a residential customer or relevant consumer representative organisation to allow additional time to assess a residential customer's capacity to pay. | Compliant – 5     |   |

| No  | Obligation under Condition  | Compliance Rating | Findings   |
|-----|---|-------------------|--|
| 200 | A retailer must offer the alternative payment arrangements, and advise the residential customers that additional assistance may be available, in circumstances where a residential customer is assessed as experiencing payment difficulties or financial hardship. | Compliant – 5     | Through discussions with the Team Leader - Billing Services and examination of Horizon Power's Hardship Policy, we determined that in accordance with section 6.3 of the Code Horizon Power's procedures provide for: <ul style="list-style-type: none"> <li>Alternative payment arrangements, such as payment extensions or payment instalment plans to be offered to customers who are experiencing payment difficulties or financial hardship</li> <li>Customers to be advised that additional assistance is available if they are unable to meet alternative payment arrangements due to financial hardship</li> <li>Customers who are experiencing financial hardship to be offered such additional assistance.</li> </ul>  |
| 201 | A retailer must offer a residential customer who is experiencing payment difficulties or financial hardship at least the specified payment arrangements.  | Compliant – 5     | Through discussions with the Team Leader - Billing Services and examination of the Hardship Policy, we determined that: <ul style="list-style-type: none"> <li>Horizon Power has procedures in place to offer payment extensions or payment instalment plans to customers experiencing payment difficulties or financial hardship</li> <li>All payment instalment plans do not attract fees or interest charges.</li> </ul>  |
| 202 | A retailer must take into account and specify the stated information and take the specified actions when offering an instalment plan to a residential customer experiencing payment difficulties or financial hardship.   | Compliant – 5     | Through discussions with the Team Leader - Billing Services, we determined that Horizon Power has the following procedures in place for placing customers onto a payment instalment plan: <ul style="list-style-type: none"> <li>Section 3.2 of Horizon Power's Financial Hardship Policy recognises the options available to customers, including customised payment plans</li> <li>When Horizon Power determines whether the instalment plan is applicable to the customer, the customer's individual circumstances are taken into account, including usage needs and capacity to pay</li> <li>Information relating to an instalment plan is communicated to the customer over the phone, at the time of contact. The instalment plan information (including amounts, timeframe, number of instalments) is agreed with the customer and noted on the customer profile in Velocity</li> <li>Details of the instalment plan are sent to the customer by mail.</li> </ul> |
| 203 | A retailer must give reasonable consideration to a request by a customer, or a relevant consumer representative organisation, for a reduction of the customer's fees, charges, or debt.   | Compliant – 5     | <i>Obligations 203 and 204</i><br>Through discussions with the Team Leader - Billing Services and an examination of the Hardship Policy, we determined that Horizon Power's policy and procedures provide for: <ul style="list-style-type: none"> <li>All customers who are assessed as being under financial hardship to have all fees and charges removed from their account</li> </ul>  |
| 204 | In giving reasonable consideration under clause 6.6(1), a retailer should refer to the guidelines in its hardship policy referred to in clause 6.10(2)(d).  | Compliant – 5     | <ul style="list-style-type: none"> <li>If a customer or relevant third party requests that a debt be reduced, the request will be referred to the Team Leader - Billing Services who will then make an assessment in accordance with section 3.4 of Horizon Power's Hardship Policy.</li> </ul>  |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 205 | A retailer must give reasonable consideration to offering a customer an instalment plan or offering to revise an existing instalment plan, in circumstances where it is reasonably demonstrated to the retailer that the customer is unable to meet its previously elected payment arrangement. | Compliant – 5     | From an examination of the Hardship Policy and discussions with Team Leader – Billing Services, we determined that Horizon Power’s processes require staff to give reasonable consideration to offering a customer an instalment plan or revise an existing plan, if requested.   |
| 206 | A retailer must advise the customer of the specified assistance information.  | Compliant – 5     | Section 3.6 of the Hardship Policy outlines customers’ rights and responsibilities and specifically outlines the provision of information requirements of s.6.8 of the Code. Through discussions with the Team Leader – Billing Services, we determined that Horizon Power provides the necessary advice to a customer, either over the phone, by email or in writing.  |
| 207 | A retailer must determine the minimum payment in advance amount for residential customers experiencing payment difficulties or financial hardship in consultation with relevant consumer representative organisations.  | Compliant – 5     | <p><i>Obligations 207 and 208</i></p> <p>Through discussions with the Team Leader - Billing Services, we determined that:</p> <ul style="list-style-type: none"> <li>Horizon Power has procedures in place to enable CSRs to calculate the minimum payment advance amount for customers experiencing payment difficulties or financial hardship</li> <li>The minimum payment advance amount is based on the individual customer’s historical usage extracted from Velocity on a case by case basis.</li> </ul>  |
| 208 | A retailer may apply different minimum payment in advance amounts for residential customers experiencing payment difficulties or financial hardship and other customers.  | Compliant – 5     |   |
| 209 | A retailer must develop a hardship policy to assist customers in meeting their financial obligations and responsibilities to the retailer.  | Compliant – 5     | <p>Horizon Power has developed a Hardship Policy, last revised in May 2010, to accommodate instances where individual customers experience payment difficulties or financial hardship. The Hardship Policy is:</p> <ul style="list-style-type: none"> <li>Applicable to those customers that are assessed as experiencing payment difficulties or financial hardship</li> <li>Designed to assist customers in meeting their financial obligations to Horizon Power</li> <li>Applicable only to residential and small business customers who consume not more than 160MWh per annum</li> <li>Available on Horizon Power’s website.</li> </ul> <p>At the time of the audit, Horizon Power was awaiting comment from the Authority on proposed revisions to the Hardship Policy (February 2011 version).</p> |
| 210 | A retailer must ensure that the hardship policy complies with the specified criteria.   | Compliant – 5     | Examination of Horizon Power’s Hardship Policy (May 2010 version) indicates that the policy contains the minimum information required by section 6.10(2) of the Code.   |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
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| 211 | A retailer must give residential customers, financial counsellors and relevant consumer representative organisations details of the financial hardship policy, at no charge. The retailer must provide all residential customers identified as experiencing financial hardship, details of the hardship policy, including by post, if requested. | Compliant – 5     | Through discussions with the Team Leader - Billing Services and examination of Horizon Power's Hardship Policy, we determined that Horizon Power has: <ul style="list-style-type: none"> <li>• Protocols in place for the provision of the Hardship Policy to customers, financial counsellors or welfare agencies, upon request, at no charge</li> <li>• Published the policy on its website.</li> </ul>  |
| 212 | A retailer must keep a record of the specified information related to the hardship policy.   | Compliant – 5     | Through discussion with the Team Leader – Billing Services and consideration of Horizon Power's Hardship Policy and related procedures, we determined that Horizon Power maintains the records as required by s.6.10(4) of the Code.   |
| 213 | A retailer must, unless otherwise notified in writing by the Authority, review its hardship policy at least annually and submit to the Authority the results of that review within 5 business days after it is completed.  | Compliant – 5     | Through discussions with the Manager Customer Services and examination of the Financial Hardship policy (both the May 2010 version and proposed February 2011 version), we determined that: <ul style="list-style-type: none"> <li>• Horizon Power has procedures in place to review its Hardship Policy on an annual basis, with the results of the review being submitted to the Authority within 5 business days post review</li> <li>• The Manager Customer Services is responsible for the annual review of the Hardship Policy, supported by the Regulation Compliance Coordinator</li> <li>• The proposed February 2011 version was submitted to the Authority within 5 business days of the completion of its review.</li> </ul> |
| 214 | Any review of a retailer's hardship policy must have regard to the Authority's Financial Hardship Policy Guidelines.   | Compliant – 5     | Through discussions with the Manager Customer Services and examination of the Hardship Policy (February 2011 version), we determined that Horizon Power has reviewed its Policy with consideration to the Financial Hardship Policy Guidelines issued by the Authority in August 2010.   |
| 215 | A retailer must consider any reasonable request for alternative payment arrangements from a business customer who is experiencing payment difficulties.  | Compliant – 5     | Through discussion with the Team Leader - Billing Services, we determined that: <ul style="list-style-type: none"> <li>• Assistance offered by Horizon Power to customers experiencing payment difficulties or financial hardship extends to small use business customers</li> <li>• Staff are aware that if small use business customers are experiencing payment problems, alternative payment arrangements are available.</li> </ul>  |

| No                            | Obligation under Condition   | Compliance Rating | Findings   |
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| <b>Part 7 – Disconnection</b> |  |                   |  |
| 216                           | A retailer must give the customer a reminder notice, use its best endeavours to contact the customer and give the customer a disconnection warning, in the manner and timeframes specified, prior to arranging for disconnection of a customer's supply address for failure to pay a bill. | Non-compliant - 2 | <p>Through discussions with the Team Leader – Metering Services and the Team Leader – Billing Services and examination of Horizon Power's billing and credit management processes, we determined that Horizon Power has established the following procedures for disconnecting customers:</p> <ul style="list-style-type: none"> <li>• A reminder notice is to be sent to the customer 16 days after the issue of the invoice, if the amount outstanding is greater than \$50. If the customer has provided a mobile phone number, Horizon Power will send an SMS reminder 14 days after the issue of the invoice</li> <li>• A disconnection warning notice is to be sent to the customer advising that the account is overdue and that disconnection procedures may commence. The warning notice is sent 5 business days after the reminder notice, being 21 business days after the issue of the invoice</li> <li>• A disconnection warning card service order is raised at 28 days after the issue of the invoice and if the outstanding debt is greater than \$200. The disconnection warning card is hand delivered to the supply address in question. 24 hours later the disconnection service order is to be processed</li> <li>• Disconnections are not to be performed unless the reminder notice and disconnection warning has been issued.</li> </ul> <p>Sample testing of 20 disconnections performed during the period 1 October 2009 to 31 March 2011 identified the following:</p> <ul style="list-style-type: none"> <li>• For 14 of the disconnections tested, there was no evidence to indicate that Horizon Power had attempted to make contact with the customer other than the reminder and disconnection notices (e.g. phone or email). Horizon Power's Credit Management procedures provide for a phone call to be made to the customer prior to the disconnection service order being raised</li> <li>• In one case, a customer was sent both the reminder notice and disconnection warnings in breach of the timing requirements of sections 7.1(1)(a) and 7.1(1)(c) of the Code</li> <li>• In one case (July/August 2010), the reminder notices and disconnection warnings include amounts that were not outstanding at the time of the notice or warning i.e. the notice/warning included current charges, in addition to the aged debt. This result appears to be in contravention with Velocity system rules. At the time of our audit, the reason for this contravention was not known.</li> </ul> <p>We note that Horizon Power remains in the process of designing an effective exception reporting regime to assist in monitoring compliance with the timing requirements of section 7.1 of the Code. Refer to Revised Action Plan 6/2009 at Section 5 of this report regarding Horizon Power's reporting and monitoring controls in relation to its Code requirements.</p> |

| No | Obligation under Condition  | Compliance Rating | Findings  |
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|    | <p><b>Recommendation 11/2011</b><br/>Horizon Power:</p> <p>(a) Strengthen its disconnection procedures to ensure that appropriate contact notes are maintained in Velocity records for “best endeavours” attempts made to make contact with the customer (i.e. phone call or other contact methods used)</p> <p>(b) Investigate and resolve the contravention to the Velocity system rules on the content of reminder notice and disconnection warning letters to ensure that they only include those charges that are overdue, not current supply charges.</p> |                   | <p><b>Action Plan 11/2011</b></p> <p>(a) ServiceWorks will keep active spreadsheet records of contacts made for overdue accounts. This data will not be recorded in Velocity, however will be accessible to all credit officers and the Manager Customer Services</p> <p>(b) The two identified instances have been investigated to establish that both occurred during the period of a malfunction with the market interface. A recurrence has not been identified since that time</p> <p>(c) Random audit procedures will be established and audits conducted during visits to the call centre back office operations.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/><b>Accountable Person:</b> Manager Customer Services<br/><b>Target Date:</b> 31 October 2011</p> |

| No  | Obligation under Condition  | Compliance Rating | Findings   |
|-----|---|-------------------|--|
| 217 | A retailer must not arrange for disconnection of a customer's supply address for failure to pay a bill in the circumstances specified.                    | Non-compliant - 2 | <p>Through discussion with the Team Leader – Metering Services and consideration of Horizon Power's disconnection and credit management processes, we determined that Horizon Power's procedures provide for customers not to be disconnected for failure to pay a bill. We note that:</p> <ul style="list-style-type: none"> <li>• Senior credit management and metering staff are aware to only disconnect customers for specified reasons. Customers will not be disconnected in the following circumstances: <ul style="list-style-type: none"> <li>○ Until at least five business days from the receipt of the disconnection warning</li> <li>○ If they have agreed to and met the conditions of an alternative payment arrangement (e.g. payment plan)</li> <li>○ If the customer has made an application for a concession and a decision about the application has not yet been made</li> <li>○ If the amounts owing do not relate to the supply of electricity</li> <li>○ If the supply address does not relate to the bill in question.</li> </ul> </li> <li>• The Authority has not prescribed a minimum amount that if the balance outstanding is less than the approved amount; Horizon Power is not permitted to process the disconnection. Horizon Power procedures are to not disconnect a customer unless \$200 is outstanding.</li> </ul> <p>Sample testing of disconnections performed during the period 1 October 2009 to 31 March 2011 identified one instance in October 2009 where a customer had been disconnected for failure to pay a bill, even though the customer had agreed to an alternative payment arrangement (extension of time) and paid the bill in the requisite timeframe. We also note that the reconnection fee was not reversed once the customer was reconnected and the customer was not paid a service standard payment for wrongful disconnection.</p> <p>We acknowledge that Horizon Power took over the disconnection process from Western Power in October 2009. Since that time the Customer Service team has established a procedure where by all de-energisation are referred to the Hardship Officer on a daily basis for their approval.</p> <p>Although the identified breach may be an isolated occurrence at the beginning of the audit period, it does highlight Horizon Power's exposure to breaches where staff do not have a sufficient understanding of the compliance implications of all activity in the lead up to disconnection.</p> <p><i>Revised Action Plan 6/2009 at Section 5 of this report regarding Horizon Power's reporting and monitoring controls in relation to its Code requirements.</i></p> |
|     | <p><b>Recommendation 12/2011</b></p> <p>Horizon Power ensure all relevant staff are sufficiently aware of the disconnection requirements of the Code.</p> |                   | <p><b>Action Plan 12/2011</b></p> <p>Horizon Power will hold regular awareness training sessions, which will be diarised for occurrence every six months.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p>   |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
| 219 | A retailer must not arrange for the disconnection of a customer's supply address for denying access to the meter unless the conditions specified are satisfied.  | Compliant – 5     | <p>Through discussions with the Manager Customer Services, we determined that:</p> <ul style="list-style-type: none"> <li>Horizon Power's normal business practice is to not disconnect a customer for failing to provide access to a meter</li> <li>Disconnection service orders can only be raised for non-payment and where a customer has not applied for a customer account</li> <li>For the period 1 October 2009 to 31 March 2011, Horizon Power had not disconnected customers for failing to provide access to their meter</li> </ul> <p>Sample testing of disconnections performed during the period 1 October 2009 to 31 March 2011 did not evidence any disconnections performed for failing to provide access to a meter.</p> |
| 220 | A distributor who disconnects a customer's supply address for emergency reasons must provide a 24 hour emergency line and use its best endeavours to restore supply as soon as possible.   | Compliant – 5     | <p>Through discussions with the Team Leader – Metering Services and consideration of Horizon Power's emergency disconnection procedures, we determined that:</p> <ul style="list-style-type: none"> <li>Horizon Power has a 24 hour emergency line available for customers to obtain information regarding the emergency and expected time for power to be restored</li> <li>The 24 hour emergency number appears on all formats of Horizon Power's billing templates, the customer service charter and the website</li> <li>Horizon Power has emergency plans in place to restore supply to customers as soon as possible.</li> </ul>   |
| 221 | A retailer or a distributor must not arrange for disconnection or disconnect a customer's supply address in the circumstances specified.   | Compliant- 3      | <p><i>Obligations 221 to 223</i></p> <p>As these obligations are Type 1 obligations, the findings of the audit are detailed at section 4.1 of this report, "Type 1 Reporting Obligations for all licence types".</p>   |
| 222 | A retailer must undertake the actions specified in circumstances where the customer provides the retailer with confirmation that a person residing at the customer's supply address requires life support equipment.                             | Compliant – 5     |  |
| 223 | A distributor must undertake the actions specified in circumstances where the distributor has been informed by a retailer or a relevant government agency that a person residing at a customer's supply address requires life support equipment. | Compliant – 5     |  |

| No                           | Obligation under Condition  | Compliance Rating | Findings  |
|------------------------------|---|-------------------|---|
| <b>Part 8 – Reconnection</b> |   |                   |   |
| 224                          | A retailer must arrange for reconnection of the customer's supply address if the customer has remedied its breach, makes a request for reconnection, pays the retailer's reasonable charges (if any) or accepts an offer of an instalment plan for the retailer's reasonable charges. | Compliant – 5     | <p>Through discussion with the Team Leader – Metering Services and Team Leader – Billing Services and consideration of Horizon Power's disconnection and reconnection procedures, we determined that Horizon Power has the following procedures in place to arrange for customers to be reconnected:</p> <ul style="list-style-type: none"> <li>• A customer who was disconnected for non-payment is to be reconnected if the customer has paid the balance owing, has agreed to a payment plan, or has been assessed as being in financial hardship</li> <li>• A customer who has been unlawfully consuming electricity and has subsequently setup an account with Horizon Power (i.e. remedied the breach), is to be reconnected and invoiced for the electricity consumed.</li> </ul> <p>Each of the disconnected customers subject to testing under obligation 216 were either reconnected after remedying the breach leading to disconnection, or had not met the conditions for reconnection.</p> |

| No  | Obligation under Condition  | Compliance Rating | Findings   |
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| 226 | A distributor must reconnect the customer's supply address upon the request of a retailer, within the timeframes specified. | Non-compliant – 2 | <p>Section 8.2(2) of the Code defines the 'timeframe' to be:</p> <ul style="list-style-type: none"> <li>• The next business day, if the request is received before 3pm, or within two business days, if received after 3pm, or on a Saturday, Sunday or Public Holiday for customers located in the metropolitan area</li> <li>• Within five business days, if the request is received prior to 3pm, or within six business days if received after 3pm or on a Saturday, Sunday or Public Holiday for customers located in regional areas.</li> </ul> <p>Through discussion with the Team Leader – Metering Services and the Team Leader – Billing Services, and consideration of Horizon Power's reconnection processes, we determined that Horizon Power has the following procedures in place to reconnect customers:</p> <ul style="list-style-type: none"> <li>• Customers who were disconnected due to non payment can apply for reconnection by calling Horizon Power</li> <li>• Prior to creating a service order to re-energise a property, an arrangement with the customer in relation to payment or access to the meter needs to be made or the customer must have remedied the breach for which they were disconnected</li> <li>• A service order is to be processed immediately based on the conversation/request from the customer and sent to the regional depot or applicable contractor</li> </ul> <p>Sample testing of customer reconnections during the period 1 October 2009 to 31 March 2011 did not indicate non-compliance with section 8.2 of the Code. However, examination of service standard payments made during the period subject to audit indicated that in late 2010, Horizon Power reconnected two separate customers 1 and 5 days late respectively.</p> <p>Horizon Power has not yet implemented an exception reporting regime to monitor compliance with the Code, in this case relating to s.8.2.</p> <p><i>Refer to Revised Action Plan 6/2009 at Section 5 of this report regarding Horizon Power's reporting and monitoring controls in relation to its Code requirements.</i></p> |
| 227 | A distributor must create and maintain a Priority Restoration Register.   | Compliant – 5     | As this obligation is a Type 1 obligation, the findings of the audit are detailed at section 4.1 of this report, "Type 1 Reporting Obligations for all licence types".   |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
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| <b>Part 9 – Pre-payment meters</b>  |  |                   |  |
| <p><b>Summary observations:</b></p> <p>As a new Small Use Code of Conduct became operational on 1 July 2010, both the new and superseded Code of Conduct applied to Horizon Power’s audit period, being the period 1 October 2009 and 31 March 2011. The two different periods to which the codes are applicable are:</p> <ul style="list-style-type: none"> <li>• 1 October 2009 to 30 June 2010 - the superseded Code of Conduct</li> <li>• 1 July 2010 to 31 March 2011 - the new Code of Conduct.</li> </ul> <p>For the period 1 October 2009 to 30 June 2010, this audit considered the pre-payment meter section of the superseded Code of Conduct and provided observations at obligations 230, 231, 233, 237, 238, 241, 242, 246 – 250 below, covering all prepayment meter obligations of the superseded Code of Conduct except for obligations 231* and 237*. Obligations 231* and 237* are reported separately at the end of section 4.4 of this report as they are no longer relevant to the new Code of Conduct.</p> <p>The new Code of Conduct, which came into effect on 1 July 2010 included amendments to part 9 (Pre-Payment Meters) of the Code. This change included the provision for deemed compliance with part 9 of the Code for a period of up to 24 months through clause 9.14(1). The condition of clause 9.14(1) was that all Horizon Power’s existing installed pre-payment meters were installed immediately prior to 1 July 2010 and existing installed pre-payment meters had not been since upgraded or modified. Note also that clause 9.14(2)(b) provides for meters installed between 1 July 2010 and 31 December 2010 in a remote or town reserve community in which the Aboriginal and Remote Communities Power Supply Project or Town Reserve Regularisation Program was being implemented, to have complied with clauses 9.7(1)(a) and 9.12.</p> <p>Through discussion with the Metering Services Analyst and examination of the Velocity pre-payment installation report, we determined that no new pre-payment meters were installed on or after 1 July 2010. However, Horizon Power has continued to replace faulty meters with like for like meters since 1 July 2010. Defect meters had been replaced with identical meters and said meters have not been upgraded or modified in any manner, satisfying the requirement of clause 9.14(3), which states that “<i>When a pre-payment meter covered by subclause (1) or subclause (2) is upgraded or modified for any reason (other than the initial installation), the modified or upgraded pre-payment meter must comply with the applicable requirements of Part 9.</i>”.</p> <p>Having determined that Horizon Power has not installed any new meters since 1 July 2010 and existing installed meters have not been upgraded or modified, Horizon Power is deemed to have complied with part 9 (obligations 229 to 254) of the Code during the period 1 July 2010 to 31 March 2011.</p> <p><i>* Based on obligation number of the previous Reporting Manual</i></p> |  |                   |  |
| 229   | A distributor may only operate a pre-payment meter at a residential customer's supply address and a retailer may only offer a pre-payment meter service in an area that has been declared by the Minister by notice in the Government Gazette. | Compliant – 5     | Clause 9.14 of the Code deems existing pre-payment meters to comply with the requirements of Part 9 of the Code for the period to 30 June 2012. As Horizon Power has not installed any new pre-payment meters and no upgrades or modifications were made to existing installed pre-payment meters after 1 July 2010, it is deemed to have complied with these obligations. |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
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| 230 | A retailer must not provide a pre-payment meter service at a residential customer's supply address without the verifiable consent of the customer or the customer's nominated representative.   | Compliant – 5     | <p>Through discussion with the Manager Remote Business Development &amp; Indigenous Engagement, Metering Field Services and Community Officer and examination of completed account establishment forms, we determined that Horizon Power has clear practices in place for :</p> <ul style="list-style-type: none"> <li>• Horizon Power to obtain consent from the community as a whole prior to embarking on the exercise of visiting each household for collection of customer details. Obtaining the community consent is orchestrated by the relevant government department</li> <li>• The Metering Field Services and Community Officer to personally visit remote communities to provide information regarding pre-payment meters and collect customer information including obtaining sign off (verifiable consent) from customers</li> <li>• Determining the validity of the customer's nominated representative from whom verifiable consent is obtained, particularly in the case of communities without documented nomination practices</li> <li>• Customer details to be entered into Velocity.</li> </ul> |
| 231 | A retailer must establish an account for each pre-payment meter operating at a residential customer's supply address.   | Compliant – 5     | Through discussion with the Metering Field Services and Community Officer and Metering Services Analyst, we determined that the purpose of personal visits to customers is to collect customer data in order to establish individual accounts for each supply address fitted with a pre-payment meter.  |
| 232 | A retailer must not, in relation to the offer of, or provision of, a pre-payment meter service engage in conduct that is misleading, deceptive or likely to mislead or deceive or that is unconscionable, or exert undue pressure on a customer, nor harass or coerce a customer. | Compliant – 5     | Clause 9.14 of the Code deems existing pre-payment meters to comply with the requirements of Part 9 of the Code for the period to 30 June 2012. As Horizon Power has not installed any new pre-payment meters and no upgrades or modifications were made to existing installed pre-payment meters after 1 July 2010, it is deemed to have complied with these obligations.  |
| 233 | A retailer must provide the prescribed information to a pre-payment meter customer in the manner stated at no charge.   | Compliant – 5     | <p>Through discussion with the Metering Field Services and Community Officer, Metering Services Analyst and examination of documents, we confirmed that Horizon Power provides the prescribed information in:</p> <ul style="list-style-type: none"> <li>• Clause 9.4(1) to the customer on request at no charge</li> <li>• Clause 9.4(2) to the customer during the personal visits</li> <li>• Clause 9.4(3) in the form of stickers placed next to the meters and information displayed through meters' lcd relating to actual credit balances (accurate to one cent)</li> <li>• Clause 9.4(4) to the customer on request at no charge (via reference to the call centre).</li> </ul>   |

| No  | Obligation under Condition   | Compliance Rating | Findings  |
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| 234 | If a pre-payment meter customer notifies a retailer that it wants to revert the pre-payment meter to a standard meter, the retailer must provide the specified information to the customer and make arrangements with the distributor in the manner stated at no charge to the customer unless allowed under the clause. | Compliant – 5     | <p><i>Obligations 234 to 236</i></p> <p>Clause 9.14 of the Code deems existing pre-payment meters to comply with the requirements of Part 9 of the Code for the period to 30 June 2012. As Horizon Power has not installed any new pre-payment meters and no upgrades or modifications were made to existing installed pre-payment meters after 1 July 2010, it is deemed to have complied with these obligations.</p>  |
| 235 | If a retailer requests a distributor to revert a pre-payment meter, the distributor must revert the pre-payment meter within the time frames specified.  | Compliant – 5     |   |
| 236 | A retailer must send a written notice and prescribed information to a pre-payment meter customer within the time frames specified advising the customer of the customer's rights to revert to a standard meter at no charge.   | Compliant – 5     |   |
| 237 | A retailer must not provide a pre-payment service at the supply address of a residential customer if the residential customer, or a person residing at the residential customer's supply address, requires life support equipment.   | Compliant – 4     | As this obligation is a Type 1 obligation, the findings of the audit are detailed at section 4.1 of this report, "Type 1 Reporting Obligations for all licence types".  |
| 240 | A retailer must ensure that a pre-payment meter service complies with the prescribed requirements.   | Compliant – 5     | Clause 9.14 of the Code deems existing pre-payment meters to comply with the requirements of Part 9 of the Code for the period to 30 June 2012. As Horizon Power has not installed any new pre-payment meters and no upgrades or modifications were made to existing installed pre-payment meters after 1 July 2010, it is deemed to have complied with these obligations.  |
| 241 | A retailer must ensure that recharge facilities are located and capable of being accessed in the manner specified.   | Compliant – 5     | <p>The Metering Field Services and Community Officer confirmed that:</p> <ul style="list-style-type: none"> <li>• Horizon Power ensures pre-payment cards can be purchased from at least one agency within each community with pre-payment meters installed</li> <li>• The pre-payment cards can usually be purchased from road houses or convenience shops located nearby</li> <li>• The recharge facilities for pre-payment cards are accessible for the required hours as specified in clause 9.8(b)</li> <li>• The lowest credit available for pre-payment meters is \$10.</li> </ul> |

| No  | Obligation under Condition   | Compliance Rating | Findings  |
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| 242 | A retailer must ensure that the pre-payment meter customer receives a benefit of a concession if the pre-payment meter customer demonstrates to the retailer that the customer is entitled to receive a concession.  | Compliant – 5     | The Metering Field Services and Community Officer confirmed that: <ul style="list-style-type: none"> <li>The type of concession that customers may be entitled to is obtained from individual customers and recorded on the Account Establishment form</li> <li>The relevant information is then recorded in a manual database</li> <li>ServiceWorks is responsible for processing the payment twice a year.</li> </ul>   |
| 243 | If requested by a pre-payment meter customer, a retailer must make immediate arrangements to check the metering data, test the pre-payment meter or arrange for a test of the metering installation.   | Compliant – 5     | <p><i>Obligations 243 to 245</i></p> <p>Clause 9.14 of the Code deems existing pre-payment meters to comply with the requirements of Part 9 of the Code for the period to 30 June 2012. As Horizon Power has not installed any new pre-payment meters and no upgrades or modifications were made to existing installed pre-payment meters after 1 July 2010, it is deemed to have complied with these obligations.</p>  |
| 244 | If requested by a retailer, a distributor must check or test a pre-payment meter at a customer's supply address.   | Compliant – 5     |   |
| 245 | If a pre-payment meter is found to be inaccurate or not operating correctly, a retailer must immediately arrange for the repair or replacement of the pre-payment meter, correct any overcharging or undercharging and refund any charges payable by the customer for testing the pre-payment meter.   | Compliant – 5     |   |
| 246 | A retailer must ensure that a pre-payment meter customer (including a pre-payment meter customer who has vacated the supply address) can retrieve all remaining credit at the time the pre-payment meter customer vacates the supply address, in circumstances where notification of the proposed vacation date has been provided.   | Compliant – 5     | Through discussion with the Metering Field Services and Community Officer and consideration of Horizon Power's procedures for managing pre-payment customers, we determined that: <ul style="list-style-type: none"> <li>Pre-payment customers can obtain a refund for any remaining credit provided they notify Horizon Power that they are vacating the premises</li> <li>Upon receiving the notification, a final meter read is undertaken and any credits remaining from the pre-payment card can be refunded.</li> </ul> |
| 247 | If a pre-payment meter customer has been overcharged as a result of an act or omission of a retailer or distributor, the retailer must use its best endeavours to inform the pre-payment meter customer accordingly within 10 business days of the retailer becoming aware of the error and seek reimbursement instructions from the customer or credit the customer's account if permitted. | Compliant – 5     | <p><i>Obligations 247 - 249</i></p> <p>Through discussion with the Metering Field Services and Community Officer and Metering Services Analyst, we determined that Horizon Power has procedures in place to notify customers of any overcharging and return the overcharged funds to customers.</p> <p>The Metering Field Services and Community Officer and Metering Services Analyst confirmed that there has been no overcharging of the pre-payment meter customers for the period under review.</p>                      |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 251 | A retailer may only adjust the tariff payable by a pre-payment meter customer to recover a debt owing by that customer to recover a maximum of \$20 at a rate of no more than \$2 per day.  | Compliant – 5     | <p><i>Obligations 251 - 254</i></p> <p>Clause 9.14 of the Code deems existing pre-payment meters to comply with the requirements of Part 9 of the Code for the period to 30 June 2012. As Horizon Power has not installed any new pre-payment meters and no upgrades or modifications were made to existing installed pre-payment meters after 1 July 2010, it is deemed to have complied with these obligations.</p> |
| 252 | A retailer must give reasonable consideration to a request by a residential customer or relevant consumer representative organisation for a waiver of any fee to replace or switch a pre-payment meter to a standard meter.   | Compliant – 5     |   |
| 253 | Where a retailer is informed by a pre-payment meter customer that the customer is experiencing payment difficulties or financial hardship or the retailer identifies the customer has been disconnected as specified, the retailer must use best endeavours to contact the customer as soon as reasonably practicable to provide the prescribed information in the manner stated. | Compliant – 5     |   |
| 254 | Where a grandfathered pre-payment meter (as prescribed) is upgraded or modified, the modified or upgraded pre- payment meter must comply with the applicable requirements.  | Compliant – 5     |   |

| No   | Obligation under Condition  | Compliance Rating | Findings  |
|--|---|-------------------|---|
| <b>Part 10 – Information and communication</b> |   |                   |   |
| 255  | A retailer must give notice of any variations in its tariffs to each of its customers affected by a variation, in the timeframes specified. | Compliant – 5     | <p>The Code of Conduct requires customers affected by tariff variations to be notified no later than the customers' next bill after the variation is published.</p> <p>Through discussions with the Team Leader – Billing Services, and walkthrough of Horizon Power's notification process, we determined that Horizon Power has the following procedures in place for providing notice of variations in tariffs:</p> <ul style="list-style-type: none"> <li>Variations in tariffs are noted on the first bill following implementation of the new tariff. We note that the notification still currently appears on the bill to provide information to customers</li> <li>Horizon Power's Public Affairs team arranges for advertising in regional newspapers regarding tariff increases.</li> </ul> <p>We also note that:</p> <ul style="list-style-type: none"> <li>Horizon Power has amended its tariffs twice in the period subject to audit, effective 1 April 2010 and 1 July 2010.</li> <li>In March 2010, customers were sent a brochure detailing the tariff increases for the April and July 2010 adjustments</li> </ul> <p>We sighted evidence of tariff increase notifications for both of the April 2010 and July 2010 increases.</p> |
| 256  | A retailer must give a customer on request, at no charge, reasonable information on the retailer's tariffs, including alternative tariffs.  | Compliant – 5     | <p>The Team Leader – Billing Services confirmed that should a customer contact the Horizon Power Call Centre requesting tariff information, ServiceWorks CSRs are trained to:</p> <ul style="list-style-type: none"> <li>Provide information over the phone</li> <li>Direct the customer to Horizon Power's website</li> <li>Send an e-mail to the customer (if requested).</li> </ul> <p>All services are provided to the customer at no charge.</p>   |
| 257  | A retailer must give a customer the information requested on tariffs in the manner and within the timeframes specified.                     | Compliant – 5     | <p>The Team Leader – Billing Services confirmed that:</p> <ul style="list-style-type: none"> <li>CSRs are trained to resolve the customer query whilst they are on the phone, therefore complying with the 8 business day requirement of the Code of Conduct</li> <li>Should the customer request the information in writing, the information will be sent the day of request.</li> </ul>   |
| 258  | A retailer must, on request, give a non-contestable customer its billing data.  | Compliant – 5     | <p><i>Obligations 258 to 260</i></p> <p>The Team Leader – Billing Services confirmed that should a customer contact the Horizon Power</p>   |

| No  | Obligation under Condition   | Compliance Rating | Findings  |
|-----|--|-------------------|---|
| 259 | A retailer must give the requested billing data at no charge in the circumstances specified.   | Compliant – 5     | Call Centre requesting billing data, CSRs have been trained to: <ul style="list-style-type: none"> <li>In the event of phone contact, resolve the customer query whilst they are on the phone, therefore complying with the 10 business day requirement of the Code.</li> </ul>   |
| 260 | A retailer must give the requested billing data within 10 business days of the receipt of the request or payment of the retailer's reasonable charge for providing the billing data. | Compliant – 5     | <ul style="list-style-type: none"> <li>In the event that the customer requests the information in writing, send the relevant information on the day of request.</li> </ul> <p>We also understand that:</p> <ul style="list-style-type: none"> <li>If the request comes from a business customer, a spreadsheet will be prepared with the customer's billing data</li> <li>For requests from residential customers, a letter is sent out the following day with the customer's billing data</li> <li>All information is provided to the customer at no charge.</li> </ul>  |
| 261 | A retailer must keep a non-contestable customer's billing data for seven years.  | Compliant – 5     | Through discussion with the Team Leader – Billing Services, examination of the ServiceWorks contract and observation of customer data in Velocity, we determined that all customers' billing data is maintained in Velocity and Horizon Power's procedures require that data to be retained for a minimum seven year period.  |
| 262 | A retailer must give a customer on request, at no charge, the concession information specified.  | Compliant – 5     | Through discussions with the Team Leader – Billing Services, we determined that Horizon Power has procedures in place to provide the following concession information to customers: <ul style="list-style-type: none"> <li>Types of concessions available to customers</li> <li>Contact details of the relevant organisations responsible for the provision and management of concessions.</li> </ul> <p>The above information is provided at no charge to customers.</p>   |
| 264 | A retailer must give a customer on request, at no charge, the general energy efficiency information specified.   | Compliant – 5     | Through discussions with the Team Leader – Billing Services, we determined that Horizon Power has procedures in place to provide the following general energy efficiency information to customers, on request and at no charge: <ul style="list-style-type: none"> <li>Ways to reduce electricity consumption</li> <li>Contact details of organisations providing energy efficiency audit services (energy efficiency audits are provided at no charge to customers who are eligible for the Hardship Utility Grant Scheme)</li> <li>Typical running costs of major domestic appliances</li> <li>Electricity distribution related information.</li> </ul> |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 265 | A retailer must give information to the customer, or refer the customer to the relevant distributor for a response, if asked by a customer for information relating to the distribution of electricity.   | Compliant – 5     | <p><i>Obligations 265 and 266</i></p> <p>Through discussions with the Team Leader – Billing Services and consideration of Horizon Power’s interactions with customers, we determined that:</p> <ul style="list-style-type: none"> <li>Horizon Power provides distribution related information to customers, at no charge, upon request</li> <li>Customers are able to approach the District Operations Officer (DOO) at each of the Regional depots for information relating to distribution activities</li> </ul> <p>We also note that the information available that can be provided to customers is consistent with section 10.6 of the Code.</p>  |
| 266 | A distributor must give a customer on request, at no charge, the specified information that is particular to a distributor.   | Compliant – 5     |   |
| 267 | A distributor must, on request, give a customer its consumption data.   | Compliant – 5     | <p><i>Obligations 267 to 269</i></p> <p>The Team Leader – Billing Services confirmed that should a customer contact the Horizon Power Call Centre requesting consumption data, CSRs have been trained to:</p> <ul style="list-style-type: none"> <li>In the event of phone contact, resolve the customer query whilst they are on the phone, therefore complying with the 10 business day requirement of the Code.</li> <li>In the event that the customer requests the information in writing, send the relevant information on the day of request.</li> </ul> <p>We also understand that:</p> <ul style="list-style-type: none"> <li>If the request comes from a business customer, a spreadsheet will be prepared with the customer’s billing data</li> <li>For requests from residential customers, a letter is sent out the following day with the customer’s billing data</li> </ul> <p>All information is provided to the customer at no charge.</p> |
| 268 | A distributor must give a customer the requested consumption data at no charge in the circumstances specified.  | Compliant – 5     |   |
| 269 | A distributor must give a customer the requested consumption data within 10 business days of the receipt of the request or, if payment is required (and requested by the distributor within 2 business days of the request), within 10 business days of receipt of payment of the distributor's reasonable charge for providing the consumption data. | Compliant – 5     |   |
| 270 | A distributor must keep a customer’s consumption data for seven years.  | Compliant – 5     | Through discussion with the Team Leader – Billing Services, examination of the ServiceWorks contract and observation of customer data in Velocity, we determined that all customers’ consumption data is maintained in Velocity and Horizon Power’s procedures require that data to be retained for a minimum seven year period.  |
| 271 | A distributor must, on request, tell a customer how the customer can obtain information on distribution standards and metering arrangements that are relevant to the customer.  | Compliant – 5     | <p><i>Obligations 271 and 272</i></p> <p>Through discussion with the Manager Metering Services and examination of Horizon Power’s website, we confirmed that Horizon Power has published its distribution standards which are similar to what is prescribed under the Electricity Act 1945 on its website. The website covers details on voltage limits, frequency, voltage fluctuations and harmonics.</p> <p>Horizon Power’s metering arrangements are also published on its website.</p>   |
| 272 | A distributor must publish information on distribution standards and metering arrangements on the distributor’s web site.   | Compliant – 5     |   |

| No  | Obligation under Condition  | Compliance Rating | Findings   |
|---|---|-------------------|--|
| 273                                       | A retailer, distributor and marketer must, to the extent practicable, ensure that any written information that must be given to a customer under the Code of Conduct is expressed in clear, simple, and concise language and is in a format that makes it easy to understand. | Compliant – 5     | Through examination of Horizon Power’s information brochures available to customers, Horizon Power’s website and its Customer Service Charter, we determined that those documents were prepared using clear, simple and concise language.  |
| 274                                       | A retailer and distributor must tell a customer on request how the customer can obtain a copy of the Code of Conduct.   | Compliant – 5     | <i>Obligations 256 to 258</i><br>Through discussion with the Team Leader – Billing Services, we determined that Horizon Power has:   |
| 275                                       | A retailer and distributor must make electronic copies of the Code of Conduct available, at no charge, on their web sites.  | Compliant – 5     | <ul style="list-style-type: none"> <li>• Trained its CSRs to provide the Code of Conduct to customers when requested</li> <li>• Published the Code of Conduct on its website</li> <li>• Made electronic copies of the Code of Conduct available to customers, which can be sent via email</li> </ul>                           |
| 276                                       | A retailer and distributor must make a copy of the Code of Conduct available for inspection, at no charge, at their offices.  | Compliant – 5     | <ul style="list-style-type: none"> <li>• Made copies of the Code of Conduct available at its designated customer service premises for inspection as required.</li> </ul>   |
| 277                                       | A retailer and distributor must make available to the customer on request, at no charge, services that assist the customer in interpreting information provided by the retailer or distributor.   | Compliant – 5     | Through discussions with the Team Leader – Billing Services and examination of customer bills, we determined that Horizon Power provides multi-lingual interpreting services and text telephone services for its customers, at no charge.  |
| 278                                       | A retailer and, where appropriate a distributor, must include the telephone number for their special information services and for independent multi-lingual services, on the documents specified.   | Compliant – 5     | Through examination of customer bills, reminder notices, disconnection warnings and the Customer Service Charter, we determined that the Text Telephone number, the Telephone Interpreter Services telephone number and the National Interpreter Symbol with the words “Interpreter Services” are included on those documents. |
| 279                                       | A distributor must advise a customer, at no charge, of the availability of different types of meters.   | Compliant – 5     | <i>Obligations 279 and 280</i><br>Through discussion with the Team Leader – Billing Services, we determined that Horizon Power has procedures in place to provide the following information to its customers:  |
| 280                                       | A retailer must, if requested by a customer, advise the customer of the availability of different types of meters or refer the customer to the relevant distributor for a response.   | Compliant – 5     | <ul style="list-style-type: none"> <li>• Types of meters available and their suitability to the customer</li> <li>• Purpose of the meters</li> <li>• Costs of the meters</li> <li>• Installation and operation procedures of the meters.</li> </ul>  |
| <b>Part 11 – Customer Service Charter</b> |   |                   |  |
| 281                                       | A retailer and distributor must produce and publish a Customer Service Charter.   | Compliant - 5     | Through discussion with the Team Leader - Billing Services and examination of Horizon Power’s website, we determined that a Customer Service Charter had been published and made available to small use customers for the period subject to audit.   |

| No  | Obligation under Condition  | Compliance Rating   | Findings  |
|---|---|---|---|
| <b>Part 12 – Complaints and dispute resolution</b>  |   |   |   |
| 282   | A retailer and distributor must develop, maintain and implement an internal process for handling complaints and resolving disputes. | Compliant – 3   | <p>Horizon Power’s complaints handling process was reviewed in December 2010 by performing the following :</p> <ul style="list-style-type: none"> <li>• Examined the complaints handling process documentation and complaints register</li> <li>• Discussed with the Manager Customer Services and the Team Leader Billing Services the complaints handling and monitoring process</li> <li>• Performed walkthrough testing of the complaints handling process</li> <li>• Performed sample testing on complaints received to determine whether complaints were handled in a manner that complies with Clauses 14.3(1) and 14.4(1) of the Code.</li> </ul> <p>During the performance of this audit, we held further discussions with the Manager Customer Services and examined complaints received post December 2010.</p> <p>We observed that:</p> <ul style="list-style-type: none"> <li>• Horizon Power has strengthened its complaints handling process</li> <li>• All complaints are actively monitored by Horizon Power for compliance with the Code</li> <li>• Complaints received from the ombudsman are not recorded in Velocity but are recorded and monitored through a spreadsheet register</li> <li>• All complaints were acknowledged and responded to in accordance with the time frames specified by the Code in Clause 14.3(1) and 14.4(1).</li> </ul> <p>As the Velocity system has limited capability to record complaints received via the Ombudsman, Horizon Power has elected to continue to utilise the separate spreadsheet. The two records are then manually consolidated in order to monitor and record performance in relation to the Code’s handling and resolution requirements.</p> <p><i>The recommendation and action plan below also apply to obligations 283, 311 and 313.</i></p> |
| <p><b>Recommendation 13/2011</b></p> <p>Horizon Power seek to upgrade the Velocity system’s capabilities to provide:</p> <p>(a) A central repository for all complaints records, including complaints received from the Ombudsman</p> <p>(b) Exception reports or alerts to assist in monitoring performance against the Code’s complaints acknowledgement and response timeframe requirements.</p> |   | <p><b>Action Plan 13/2011</b></p> <p>The Customer Service team has commenced a process to identify the needed changes in Velocity to make it capable of being the one stop complaints recording and follow-up system. The changes to the system will be completed by the end of 2011 and will include the recommendations.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 31 December 2011</p> |   |

| No  | Obligation under Condition   | Compliance Rating | Findings  |
|-----|--|-------------------|---|
| 283 | A retailer and distributor must develop, maintain and implement a complaints handling process that meets the specified requirements.       | Compliant – 3     | <p>Through examination of Horizon Power’s complaints handling process and discussion with the Manager Customer Services, we determined that Horizon Power complaints handling process is created and designed to comply with AS ISO 10002-2006. The process document describes the complaints:</p> <ul style="list-style-type: none"> <li>• Lodging and escalation process</li> <li>• Response time</li> <li>• Management and handling process</li> </ul> <p>The complaints handling process is available at no cost to Horizon Power’s customers.<br/><i>Refer to findings, recommendation and action plan detailed at obligation 282.</i></p>   |
| 284 | A retailer or distributor must at least provide the specified advice to a customer when handling a complaint.                              | Compliant – 5     | <p>Through examination of Horizon Power’s complaints handling process document and its complaints register, we determined that Horizon Power’s complaints handling process provides for:</p> <ul style="list-style-type: none"> <li>• Escalation to a senior figure if the first line of contact was unsuccessful in resolving the complaint to a satisfactory manner</li> <li>• The customer to be notified of the outcome and the reason for the outcome in written form, upon request.</li> </ul> <p>The Customer Service Charter also notifies customers of their right to refer their complaints to the ombudsman if they are still unsatisfied with Horizon Power’s response.</p>   |
| 285 | A retailer must comply with any guideline developed by the Authority relating to distinguishing customer queries from customer complaints. | Compliant – 4     | <p>Horizon Power’s <i>Comprehensive Guide to the Complaints Process and Procedures</i> appropriately references relevant material from the Authority’s Customer Complaints Guidelines, including guidance on how to distinguish between an enquiry and a complaint.</p> <p>We understand that CSRs do not record as complaints calls from customers who express dissatisfaction in relation to a high bill that is found to correct (i.e. the dissatisfaction is unfounded). Although the Authority’s Guidelines indicate a customer’s dissatisfaction at the price of electricity (tariffs) is not to be considered as a complaint, there remains some doubt as to whether CSRs appropriately interpret the contact to be related to the price of electricity only, rather than the compilation of the bill itself (which may relate to meter reads or energy consumption).</p> <p>Horizon Power’s complaints numbers appear to be low, particularly when considering the number of complaints received via the Ombudsman, a number of which are for matters which Horizon Power could have treated as a complaint at the time of the customer’s initial contact with Horizon Power.</p> |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
|     | <p><b>Recommendation 14/2011</b></p> <p>Horizon Power:</p> <p>(a) Investigate and determine whether there is any link between the low volumes of recorded complaints with the manner in which it distinguishes a query from a complaint</p> <p>(b) Review its approach in identifying complaints and where appropriate, provide suitable training to front line personnel who handle customer calls.</p> |                   | <p><b>Action Plan 14/2011</b></p> <p>The Customer Service team will investigate the manner in which it records complaints by conducting a benchmarking approach with other utilities and develop any identified required changes to the manner in which it both identifies and manages complaints.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p>   |
| 286 | A retailer, distributor and marketer must give a customer on request, at no charge, information that will assist the customer in utilising the respective complaints handling processes.   | Compliant - 5     | Horizon Power's website makes a specific reference to its complaints handling process available to customers at no charge. Horizon Power's Customer Service Charter, which is also available on its website also refers to its complaints handling process available to customers at no charge.  |
| 287 | A retailer, distributor or marketer who receives a complaint that does not relate to its functions, must refer the complaint to the appropriate entity and inform the customer of the referral.  | Compliant - 5     | <p>Through discussion with Horizon Power's Team Leader - Billing Services and examination of records of complaints maintained, we observed that Horizon Power's complaints handling processes provide for:</p> <ul style="list-style-type: none"> <li>• Staff to recognise instances where a complaint does not relate to Horizon Power's functions</li> <li>• The matter to be referred to the relevant entity (for example, Western Power)</li> <li>• The customer to be made aware of the reason for the referral.</li> </ul> |

| No  | Obligation under Condition  | Compliance Rating   | Findings |
|---|---|---|----------|
| <b>Part 13 – Record keeping</b>   |   |   |          |
| <p><b>Summary observations:</b></p> <p>Horizon Power’s customer data was migrated from Synergy’s CIS system to the Gentrack Velocity system (<b>Velocity</b>) in June 2009. Data migrated to Velocity included all customers’ data dating back to the year 2000. Since the data migration, Horizon Power has maintained its customer data in Velocity where the server is managed by ServiceWorks, who is also responsible for running Horizon Power’s call centre.</p> <p>After the data migration, Horizon Power in conjunction with Gentrack developed a suite of reports in order to satisfy the reporting requirements prescribed in Part 13 of the Small Use Code of Conduct. Currently many of the records required for reporting by Part 13 of the Small Use Code of Conduct can be obtained from the newly created reports from Velocity. Other remaining records are stored and reported from Horizon Power’s other systems such as MBS data in relation to connections and TCS data in relation to faults. All reportable records are provided to the Regulation Compliance Coordinator where data is checked for trending and reasonableness.</p> <p>For the 2010 Code of Conduct report, Horizon Power obtained data from its various systems to compile the necessary records for reporting. However, accuracy of certain records such as the call centre figures has been questioned by the Regulation Compliance Coordinator as there was a difference between the figures provided by ServiceWorks and figures obtained from Telstra.</p> <p>Although a designated folder has been used to store copies of data and supporting documentation, some records were retained only in Horizon Power’s document management system. Currently, records are obtained from different personnel and sources and the process has not been fully documented. Supporting documentation was also not readily available to provide an audit trail on how the records were obtained and whether data has been reconciled and verified for accuracy and completeness.</p> <p>The Compliance Liaison Officer is currently documenting the source of the records and the process in which the records are collected and prepared for inclusion in the annual Code of Conduct report.</p> <p><i>The recommendation and action plan below applies to obligation 288 - 296, 298 - 304.</i></p> |   |   |          |
|   | <p><b>Recommendation 15/2011</b></p> <p>Horizon Power:</p> <p>(a) Formalise the data collation and reporting processes for the preparation of the annual Code of Conduct performance report:</p> <ul style="list-style-type: none"> <li>• Process documentation should include the data source and contact details for relevant staff responsible for the provision of data</li> <li>• Any investigation on the accuracy and completeness of data/records should be formally documented</li> </ul> <p>(b) Retain, in a central location, copies of all data and supporting documentation used in the preparation of the performance report.</p> | <p><b>Action Plan 15/2011</b></p> <p>(a) Data collation and reporting processes will be formalised and will specifically include:</p> <ul style="list-style-type: none"> <li>• Documentation of all ERA reporting requirements</li> <li>• Data sources and contact details for relevant staff responsible for the provision of data</li> <li>• Requirements for any investigation on the accuracy and completeness of data/records to be formally documented</li> </ul> <p>(b) Copies of all data and supporting documentation used in the preparation of the performance report will be stored in a designated folder on Horizon Power’s secure network drive.</p> <p><b>Responsible person:</b> Regulation Compliance Coordinator<br/> <b>Accountable person:</b> Manager Risk, Audit &amp; Governance<br/> <b>Target date:</b> 30 September 2011</p> |          |

| No  | Obligation under Condition   | Compliance Rating | Findings  |
|-----|--|-------------------|---|
| 288 | A retailer, distributor or electricity marketing agent must keep a record or other information as required to be kept by the Code of Conduct for at least two years from the last date on which the information was recorded, unless expressly provided otherwise. | Compliant – 4     | Through discussion with the Team Leader - Billing Services and examination of the Velocity system, we determined that records or other information as required to be kept by the Code of Conduct are stored in Horizon Power's systems and archived to back up tapes.<br><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i>  |
| 289 | A retailer must keep a record of the total number of, and percentage of, customers under the affordability and access indicators specified.  | Compliant – 4     | Through discussion with the Regulation Compliance Coordinator and examination of the report generated from Velocity and the Code of Conduct annual performance report published on Horizon Power's website, we determined that affordability and access records were maintained on Velocity and available for the financial year ending 30 June 2010.<br><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i>  |
| 290 | A retailer must keep a record of the customer complaint indicators specified.  | Compliant – 4     | <i>Obligations 290 and 291</i><br>Through walkthrough of Horizon Power's complaint handling process with the Team Leader Billing Services and examination of the complaint records produced by ServiceWorks and the Code of Conduct annual performance report published on Horizon Power's website, we determined that:   |
| 291 | A retailer must keep a copy of each complaint referred to in clause 13.3(1) (including complaints made directly to a retailer).  | Compliant – 4     | <ul style="list-style-type: none"> <li>• Customer complaints are recorded in Velocity</li> <li>• Complaints received from the ombudsman are recorded in a separate register</li> <li>• All the necessary complaints records as required by the Code are recorded and reported accordingly</li> <li>• The number of complaints recorded is relatively low when compared to other Western Australian utilities. Horizon Power has not fully investigated the legitimacy of such numbers.</li> </ul> <i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i> |
| 292 | A retailer must keep a record of the total number of payments and data on the average amount of payments made under the compensation indicators specified.   | Compliant – 4     | Through discussion with the Regulation Compliance Coordinator and examination of the records provided by ServiceWorks and the Code of Conduct annual performance report published on Horizon Power's website we determined that compensation records are maintained on Velocity and are available for the financial year ending 30 June 2010.<br><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i>  |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 293 | A retailer must keep a record of the call centre performance indicators specified.  | Compliant – 4     | <p>Through discussion with the Team Leader Billing Services and examination of reports, we determined that ServiceWorks provides monthly call centre performance summary report to Horizon Power, which satisfies the requirements of this obligation.</p> <p><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i></p>   |
| 294 | A retailer must keep a record of the total number of residential and business accounts specified.   | Compliant – 4     | <p>We examined the customer accounts records provided by ServiceWorks and the annual performance report published on the Horizon Power's website.</p> <p>Customer accounts records were maintained on Velocity and reports can be generated to produce the necessary records for reporting on the Code of Conduct annual performance report.</p> <p><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i></p>   |
| 295 | A retailer must keep a record of the number of pre-payment meter customers, complaints information and other pre-payment meter information specified. | Compliant – 4     | <p>Through examination of the report generated from Velocity and the Code of Conduct annual performance report published on Horizon Power's website, we determined that pre-payment meter customers' records and complaints were maintained on Velocity and are available for the financial year ending 30 June 2010.</p> <p><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i></p>  |
| 296 | A distributor must keep a record of the total number of connections provided and connections not provided on or before the agreed date.               | Compliant – 4     | <p>Through discussion with the Regulation Compliance Coordinator and consideration of Horizon Power's annual reporting processes, we determined that:</p> <ul style="list-style-type: none"> <li>• Customer connections records are held on Western Power's MBS and made available to Horizon Power</li> <li>• The Manager Metering Services monitors connection records</li> <li>• Connection records are published in the annual report.</li> </ul> <p>With the planned implementation of mDATA21, Horizon Power will have its own in-house metering system to enable Horizon Power to generate connection figures itself, avoiding the reliance on Western Power in the future.</p> <p><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i></p> |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 298 | A distributor must keep a record of the total number of street lights and the street light faults and repair indicators specified.  | Compliant – 4     | The faulty street lights records were obtained from the Trouble Call Management System (TCMS) up to 19 November 2009 and since then, records were obtained from the Trouble call System (TCS) where the new system was implemented to replace the TCMS.<br>We examined the records obtained from TCS, TCMS and the annual performance report published on Horizon Power's website and determined that street lights faults and repair indicators records are kept.<br><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i> |
| 299 | A distributor must keep a record of the customer complaint indicators specified.  | Compliant – 4     | As Horizon Power has identical obligations as both a retailer and distributor, refer to findings for obligations 290 and 291 above.<br><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i>  |
| 300 | A distributor must keep a copy of each customer complaint referred to in clause 13.10(1).   | Compliant – 4     |   |
| 301 | A distributor must keep a record of the total number of compensation payments made under clause 14.4.   | Compliant – 4     | As Horizon Power has identical obligations as both a retailer and distributor, refer to findings for obligations 292 above.<br><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i>  |
| 302 | A distributor must keep a record of the call centre performance indicators specified.   | Compliant – 4     | As Horizon Power has identical obligations as both a retailer and distributor, refer to findings for obligations 293 above.<br><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i>  |
| 303 | A distributor must keep a record of the number of complaints relating to the installation and operation of a pre-payment meter at a pre-payment meter customer's supply address and the complaints information specified.                 | Compliant – 4     | As Horizon Power has identical obligations as both a retailer and distributor, refer to findings for obligations 295 above.<br><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i>  |
| 304 | A distributor must keep a record of the total number of customers who are connected to its network.   | Compliant – 4     | The record for total number of customers who are connected to the Horizon Power network is stored on MBS. Through discussion with the Strategy Engineer, we determined that Horizon Power obtains the record from Western Power and it is published in the annual performance report.<br><i>Refer to summary observations, recommendation and action plan above, regarding Horizon Power's Record Keeping obligations.</i>  |
| 305 | A retailer and a distributor must prepare a report setting out the information required by Part 13 of the Code of Conduct, in respect of each year ending on 30 June. The report must be published no later than the following 1 October. | Compliant – 5     | Through discussion with the Regulation Compliance Coordinator and examination of the content management system for Horizon Power's website, we determined that Horizon Power has prepared a report as required by Part 13 of the Code of Conduct and had published the 2009/10 report no later than 1 October 2010.   |

| No   | Obligation under Condition   | Compliance Rating | Findings   |
|--|--|-------------------|--|
| 306  | A copy of each report must be given to the Minister and the Authority not less than 7 days before it is published.   | Non-compliant – 2 | The annual performance report was issued to the Authority and the Minister via email on 23 September 2010.<br>As the report was published on 24 September 2010, Horizon Power did not comply with the Code requirement for the report to be provided to the Minister and the Authority at least 7 days before publishing the report.<br><i>The recommendation and action plan below also apply to obligation 469.</i>  |
|  | <p><b>Recommendation 16/2011</b></p> <p>Horizon Power to update its compliance timetable to match the Code’s requirements for providing reports to the Minister and the Authority and for subsequently publishing those reports.</p> |                   | <p><b>Action Plan 16/2011</b></p> <p>The compliance timetable will be updated to match the Code’s requirements for providing reports to the Minister and the Authority at least 7 days before those reports are subsequently published.</p> <p><b>Responsible person:</b> Regulation Compliance Coordinator<br/> <b>Accountable person:</b> Manager Risk, Audit &amp; Governance<br/> <b>Target date:</b> 30 September 2011</p>  |
| <b>Part 14 – Service standard payments</b> |  |                   |  |
| 307  | A retailer must pay the stated compensation to a customer where the customer is not reconnected in the manner specified and an exception to payment does not apply.  | Non-compliant - 2 | <p>Through discussions with the Team Leader – Billing Services and walkthrough of Horizon Power’s service standard payment processes, we determined that Horizon Power has processes to ensure service standard payments are made to customers. We note that:</p> <ul style="list-style-type: none"> <li>• Horizon Power will make service standard payments to customers for late reconnection</li> <li>• Horizon Power’s service standard payment for late reconnections are: <ul style="list-style-type: none"> <li>○ For the period 1 October 2009 to 30 June 2010, Horizon Power paid customers at a rate of \$50 per day, up to a maximum total of \$250</li> <li>○ From the period 1 July 2011, Horizon Power now pays \$60 per day, up to a maximum of \$300.</li> </ul> </li> <li>• The Team Leader – Billing Services is responsible for processing the payment.</li> </ul> <p>During the period 1 October 2009 to 31 March 2011, Horizon Power made two service standard payments for not reconnecting customers in the specified timeframes. However, one of the payments (made on 8 September 2010) was for the incorrect value. The customer received \$50, where the code requires all payments post 1 July 2011 to be \$60. We note that Horizon Power has since paid the customer the additional amount required.</p> |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
|     | <p><b>Recommendation 17/2011</b><br/>Horizon Power to update service standard payment procedures and communicate those procedures to staff to ensure the correct payments are made.</p>                                   |                   | <p><b>Action Plan 17/2011</b><br/>The Customer Service Team will hold a review training session which will be repeated on a six monthly basis.<br/><b>Responsible Person:</b> Compliance and Billing Support Coordinator<br/><b>Accountable Person:</b> Manager Customer Services<br/><b>Target Date:</b> 30 September 2011</p>   |
| 309 | A retailer must pay the stated compensation to a customer where the retailer has failed to follow any of the specified procedures prior to disconnection for a failure to pay and an exception to payment does not apply. | Non-compliant – 2 | <p>Through discussions with the Team Leader – Billing Services and walkthrough of Horizon Power’s service standard payment processes, we determined that Horizon Power has processes to ensure service standard payments are made to customers. We note that:</p> <ul style="list-style-type: none"> <li>• Horizon Power will make service standard payments to customers for wrongful disconnection</li> <li>• Horizon Power’s service standard payment for wrongful disconnection is: <ul style="list-style-type: none"> <li>○ For the period 1 October 2009 to 30 June 2010, Horizon Power paid customers at a rate of \$50 per day, up to a maximum total of \$250</li> <li>○ From the period 1 July 2011, Horizon Power now pays \$100 for each day the customer is disconnected.</li> </ul> </li> <li>• The Team Leader – Billing Services is responsible for processing the payment.</li> </ul> <p>Walkthrough of Horizon Power’s current systems and procedures and discussions with staff indicate that Horizon Power is limited in its ability to identify and acknowledge instances of breach in order to initiate a service standard payment for disconnection.</p> <p>Sample testing of 20 disconnections performed during the period 1 October 2009 to 31 March 2011 identified two breaches of the Code’s disconnection requirements (as detailed in the audit findings for obligations 216 and 217). In both cases, as Horizon Power had not recognised the breach, the service standard payment had not been made.</p> |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
|     | <p><b>Recommendation 18/2011</b></p> <p>Horizon Power to:</p> <p>(a) Make service standard payments to those customers who remain entitled to such payments, including those identified by this audit</p> <p>(b) Strengthen its disconnection procedures to:</p> <ul style="list-style-type: none"> <li>Specifically identify instances where service standard payments are applicable</li> <li>Ensure service standard payments are made by a delegated staff member</li> </ul> <p>(c) Train staff on the requirements of s.14.2 of the Code for identifying and acting on instances where service standard payment must be made.</p> |                   | <p><b>Action Plan 18/2011</b></p> <p>The Customer Service team will:</p> <p>(a) Make the service standard payments to customers entitled for such payments</p> <p>(b) Ensure all disconnection breaches are identified through strengthening daily review processes and corresponding payments are made for each breach</p> <p>(c) Run regular review training sessions on these requirements, at least six monthly.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>   |
| 311 | A retailer must acknowledge and respond to a written query or complaint by a customer within the timeframes prescribed.  | Compliant – 4     | <p><i>Obligations 311 and 313</i></p> <p>Through examination of Horizon Power’s Customer Complaints Procedures and discussion with the Manager Customer Care and ServiceWorks Customer Service Manager, we determined that:</p> <ul style="list-style-type: none"> <li>Horizon Power has arrangements in place to acknowledge and respond to customer complaints within the timeframes specified by the Code</li> <li>Customer complaints received directly from customers are handled by ServiceWorks, while complaints from the Ombudsman are handled by the Customer Care team.</li> </ul> <p>The current reporting capability of Velocity requires improvement to allow response times to be effectively monitored.</p> <p><i>Refer to recommendation and action plan 13/2011 above, regarding Horizon Power’s customer complaints handling obligations.</i></p> |
| 313 | A distributor must acknowledge and respond to a written query or complaint by a customer within the timeframes prescribed.   | Compliant – 4     |  |
| 315 | A retailer who is required to make a compensation payment for failing to satisfy a service standard, must do so in the manner specified.   | Compliant – 5     | Through discussion with Team Leader – Billing Services, we determined that Horizon Power has policies and procedures in place to compensate customers by applying a credit on the customer’s next bill or by cheque if specifically requested by the customer.   |

**The following obligations are applicable to Horizon Power's operations for the period 1 October 2009 to 30 June 2010 only**

| No         | Obligation under Condition   | Compliance Rating | Findings   |
|------------|--|-------------------|--|
| <u>231</u> | A retailer must ensure that a pre-payment meter provides an emergency credit amount to the value of at least ten dollars.  | Compliant – 5     | Through discussion with the Metering Field Services and Community Officer, we determined that Horizon Power is still using the same card based pre-payment meter since the previous audit. Customer is able to activate the emergency credit to the value of \$10 by pressing the grey button on the meter.  |
| <u>237</u> | A retailer must ensure that supply is recommenced through a pre-payment meter after self-disconnection as soon as information is communicated to the pre-payment meter that a payment causing a positive financial balance of the account has been made. | Compliant – 5     | Through discussion with the Metering Field Services and Community Officer, we confirmed that Horizon Power's procedures provide for: <ul style="list-style-type: none"> <li>Electricity supply to be restored instantly when credit is detected from the pre-payment meter cards</li> <li>If the \$10 emergency credit has been used by the customer, the minimum required credit for power to be restored is \$20.</li> </ul>                                   |
| <u>264</u> | A retailer and distributor must address the specified information in their Customer Service Charters.  | Compliant - 5     | From an examination of the Customer Service Charter (valid from September 2009), we confirmed that Horizon Power's Customer Service Charter addressed the requirements of s.11.1(2) of the Code.   |
| <u>265</u> | A retailer and distributor must give a customer on request, at no charge, a copy of the Customer Service Charter.  | Compliant - 5     | <i>Obligations 265 and 266</i><br>The Team Leader - Billing Services confirmed that Horizon Power has the following procedures for providing the Customer Service Charter, at no charge, when requested by customers:  |
| <u>266</u> | A retailer and distributor must dispatch a copy of the Customer Service Charter to a customer who requests a copy, within two business days of the request.  | Compliant - 5     | <ul style="list-style-type: none"> <li>A customer must call Horizon Power and request a copy</li> <li>The CSR will then direct the customer to Horizon Power's website or ask if the customer would like a hard copy posted to their residence.</li> </ul> <p>The Team Leader Billing Services confirmed that CSRs are trained to post a copy of the Customer Service Charter the day of customer request, thereby meeting the two business day requirement.</p> |

## 4.8 Electricity Industry Metering Code

### Background

Horizon Power's metering services have been provided under a legacy agreement with Western Power since disaggregation in 2006. For the period subject to audit, Horizon Power continued to rely on Western Power to act as its metering data agent for the supply and management of the metering data base (MBS). As Western Power's MBS is unable to accommodate more than one metrology standard without separation of its database, Horizon Power's specific needs have not been met.

In December 2009, Horizon Power commenced investigating options for enhancing its metering services. Horizon Power's metering business case considered the following three options:

- Horizon Power continue to use MBS, working with Western Power to extract maximum value from the relationship and attempt to influence MBS development, thereby increasing dependence on Western Power
- Development and implementation of a partial metering system, reducing the reliance on Western Power's MBS. However, there would still be reliance on some metering aspects e.g. MVRS and MV90
- Development and implementation of an in-house metering system, encompassing all aspects of metering services that are required to be provided.

The third option was recommended as the preference for a number of reasons, but primarily due to full separation being achieved from Western Power. The business case was presented to the Executive for endorsement in early 2010. Final approval and sign-off and endorsement by the Managing Director was provided in July 2010.

Horizon Power has elected to develop and implement mDATA21, which is a 'bolt on' to the newly implemented Gentrack Velocity customer information system. The Manager Customer Services advised that:

- mDATA21 is currently being developed in conjunction with Gentrack to ensure that all facets of the new system will comply with current regulatory requirements and assist in Horizon Power demonstrating its compliance
- mDATA21 has enhanced reporting capabilities, which Horizon Power has reviewed and selected those reports required to assist in meeting the requirements under the Metering Code, as well as aspects of the Code of Conduct
- Horizon Power staff are to be provided with training for utilising mDATA21. Note that delegated persons have been provided with specific SQL training, so that reports can be developed in-house.

We also note that Horizon Power:

- Hired additional resources specifically for the management of Horizon Power's metering activities
- Discontinued its supply relationship with Landis & Gyr for the supply of meters, and has subsequently engaged Elster
- Developed and implemented its metering management plan to target specific non-compliance issues relating to the compliance of its meters.

## Obligations determined to be not applicable

The following obligations are not applicable to Horizon Power's operations.

| Obligation  | Reason  |
|---|---|
| 336, 367, 368, 380, 382, 393 – 399, 401, 407, 408, 426, 433, 435, 437 - 440 | Each of these obligations are not applicable to Horizon Power's operations as they relate to either a User or a Code Participant performing a task in relation to the Network Operator. Therefore, there is no obligation on Horizon Power.   |
| 345 - 349   | Division 3.3 of the Metering Code specifically applies to "Metering Requirements for the Wholesale Electricity Market and Customer Transfer". Section 3.15 of the Code references the Electricity Industry Act Part 9, which defines the market as the South West Interconnected System (SWIS). Therefore Division 3.3 of the Code is not applicable to Horizon Power's operations. |
| 350   | The obligation is on the Electricity Retail Corporation (Synergy), not the Regional Electricity Corporation (Horizon Power).  |
| 364   | Section 1.3 of the Code references the Electricity Industry Act section 123(1), which defines the market rules as the rules relating to the market and the operation of the SWIS. This clause is therefore not applicable as it specifically applies to operations within the SWIS, which is not applicable to Horizon Power's licensed areas.                                      |
| 429 - 431   | The obligation is on the Electricity Networks Corporation (Western Power), not the Regional Electricity Corporation (Horizon Power).  |

## Obligations determined to be not rateable

Horizon Power's compliance with the following obligations could not be rated as there was no relevant activity in the period subject to audit.

| Obligation  | Reason  |
|---|---|
| 317, 318  | As there are no other retailers, distributors, generators or users on Horizon Power's networks, there are no code participants with which Horizon Power could have dealings that are non arm's length in respect of its metering activities.  |
| 326, 335, 341, 352, 356, 357, 371, 372, 381, 383 – 386, 389 – 391, 400, 416 | As Horizon Power did not have any users accessing its networks during the period subject to audit, these obligations cannot be rated.   |
| 351, 366, 369, 370, 376, 377, 387, 392, 402 – 406, 409 – 412, 424           | As there were no code participants with the capacity to make such a request during the period subject to audit, these obligations cannot be rated for compliance.   |
| 344   | Clause 3.14 of the Metering Code provides for transitional arrangements for meeting installations commissioned prior to the commencement of the Code. As the Manager Customer Services confirmed that Horizon Power has not obtained any indication that its meters had not complied with the accuracy requirements set out in Table 3 in Appendix 1 to the Code, clause 3.14(3) is not rateable. |

| Obligation | Reason  |
|------------|---|
| 388        | Horizon Power operates in a market with contestable customers (Horizon Power retail electricity to small use customers who by definition are users who consume up to 160 MWh per annum) therefore there is capacity for another retailer (other than Horizon Power) to operate in the market. Until such time as another retailer enters the market, the obligation remains not rateable.   |
| 434        | The Regulation Compliance Coordinator confirmed that Horizon Power has not been required by the Authority to amend the documents listed at section 6.1(1) of the Metering Code.   |
| 436        | The Regulation Compliance Coordinator confirmed that Horizon Power has not made any changes to its contact details during the period.   |
| 441 - 445  | <p>For the purpose of the Metering Code, “disputes” refers to metering disputes between Horizon Power as the network operator, another retailer, a generator, the metering data agent (Western Power), a user or the IMO. As the definition of the Code Participant applies, the only possible party with whom Horizon Power would have a dispute is Western Power.</p> <p>The Regulation Compliance Coordinator confirmed that no metering disputes have arisen between Western Power and Horizon Power during the period 1 October 2009 to 31 March 2011. Accordingly, an assessment of compliance with clause 8.1 cannot be made.</p> <p>However, Horizon Power maintains a Complaints Policy that is applicable to all of Horizon Power’s customers/stakeholders including, but not limited to, complaints from Horizon Power Customers who use less than 160MWh per annum, Energy Ombudsman and the Minister for Energy. The policy prescribes that it is intended for use by staff and customers of Horizon Power and is aligned to the approved Customer Charter.</p> <p>Horizon Power’s complaint handling principles (as outlined by section 4 of the Policy) outline that Horizon Power will acknowledge all complaints within 5 business days, from which time appropriate investigations and analysis will be carried out. The Horizon Power Metrology Procedure outlines that the resolution for a dispute will be provided within 10 business days.</p> |

## Assessment of compliance

The table below summarises the audit’s assessment of Horizon Power’s compliance with the relevant obligations of the Metering Code.

|     |     | Non-compliant |   | Compliant |   |    | Total |
|-----|-----|---------------|---|-----------|---|----|-------|
| N/A | N/R | 1             | 2 | 3         | 4 | 5  |       |
| 32  | 47  | -             | 8 | 0         | 1 | 41 | 129   |

The following table provides detailed findings for each applicable and rateable obligation with an individual assessment of compliance. Note that separate findings are not provided for those obligations that are not applicable or cannot be rated, as detailed in the tables above.

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|---|---|-------------------|---|
| <b>Part 3 - Meters and metering installations</b> |   |                   |   |
| 319   | A network operator must ensure that its meters meet the requirements specified in the applicable metrology procedure and also comply with any applicable specifications or guidelines (including any transitional arrangements) specified by the National Measurement Institute under the National Measurement Act. | Non-compliant – 2 | <p>The 2009 performance audit report identified that after an audit of Western Power’s meters concluded meters failed to test to standard, Horizon Power recognised that its meters may not be compliant with current metrology requirements. Horizon Power has since developed a meter testing plan using the principles set out in its Metering Management Plan.</p> <p>Through discussions with the Manager Customer Services and examination of metering policies, procedures and associated contracts, we determined that Horizon Power:</p> <ul style="list-style-type: none"> <li>• Developed a Metering Asset Management Plan (the Plan), which describes the metering asset management methodology for Horizon Power’s meters. The Plan details Horizon Power’s approach to testing the meters, and provides information on: <ul style="list-style-type: none"> <li>○ Determination of sampling populations and sample sizes</li> <li>○ Metrology requirements under testing</li> <li>○ Reporting of results and subsequent analysis.</li> </ul> </li> <li>• Engaged Formway Group Metering Pty Ltd (Formway Group) to perform meter testing on Horizon Power’s behalf</li> <li>• Funds were allocated in the 2010/11 budget to accommodate replacement of meters on its network. Specifically, in the 2010/11 financial year, Horizon Power has undertaken an undergrounding project (Pilbara Undergrounding Project (PUP)), which will see all meters in the Pilbara replaced by the end of 2012. Capital expenditure for this project was approved by the Executive</li> <li>• Horizon Power is now sourcing its meters through Elster. These meters are smart meter capable and meet the specified National Measurement Institute under the National Measurement Act.</li> </ul> <p>With the implementation of the Metering Management Plan, Horizon Power has undertaken to replace a sample of meters which are then subject to testing. We note that:</p> <ul style="list-style-type: none"> <li>• The test plan requires approximately 600 meters to be randomly selected across the service area and tested. At the time of this audit, approximately 200 meters have been tested with a failure rate of approximately 54%</li> <li>• Failures occurred in almost all of the populations of meters installed</li> <li>• The most recently installed three phase meters have not recorded failures</li> <li>• Horizon Power has not formally notified the Authority or the Office of Energy on the status of its Metering Management Plan and associated findings.</li> </ul> <p>The Manager Customer Services advised that Horizon Power has planned, and approved the capital expenditure required to replace all meters on its network with the new smart capable meters supplied by Elster.</p> <p><i>This issue, associated recommendation and action plan relates to obligations 319, 324, 327, 330, 331, 353 and 432.</i></p> |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
|     | <p><b>Recommendation 19/2011</b></p> <p>Horizon Power develop a strategy for:</p> <p>(a) Communicating the status and results of its meter testing to the Authority and Office of Energy</p> <p>(b) Achieving compliance with the relevant requirements of the metering code and engage the Authority on actions to be taken.</p> |                   | <p><b>Action Plan 19/2011</b></p> <p>The Customer Service team will:</p> <p>(a) Complete the meter test plan in accordance with the test schedule</p> <p>(b) Complete the analysis of all the data from the meters tested</p> <p>(c) Identify the level of failure of its meter populations</p> <p>(d) Notify affected customers of the results of meter tests (including instances of failure/non-compliance)</p> <p>(e) Develop a management plan that will include population replacement where necessary</p> <p>(f) Convey the information to the Authority and the Office of Energy for discussion and agreement of a suitable plan.</p> <p><b>Responsible Person:</b> Field Services and Metering Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 31 December 2011</p>   |
| 320 | <p>An accumulation meter must at least conform to the requirements specified in the applicable metrology procedure and display, or permit access to a display of, the accumulated electricity production or consumption at the metering point in the manner prescribed.</p>   | Compliant – 5     | <p>Through discussions with the Manager Customer Services, examination of documentation and review of MBS, we determined that:</p> <ul style="list-style-type: none"> <li>• Horizon Power has adopted the ‘Western Australian Electricity Market Metrology Procedures for Metering Installations’ as its metrology standard</li> <li>• The metrology standard recognises the requirement for “access to visible displays to be provided without unreasonable restriction” (refer to schedule 1, clause 5.48)</li> <li>• Horizon Power has contracted Elster to supply meters. The design of these meters permits the collection of data in accordance with meter reading requirements. The meters are pattern approved under NMI M6, which meet Australian Standards</li> <li>• The data that can be obtained at a metering point meets standard as meter readers are able to review data and upload into MBS.</li> </ul> |

| No  | Obligation under Condition  | Compliance Rating | Findings   |
|-----|---|-------------------|--|
| 321 | An interval meter must at least have an interface to allow the interval energy data to be downloaded in the manner prescribed using an interface compatible with the requirements specified in the applicable metrology procedure.  | Compliant – 5     | <p>Through discussions with the Manager Customer Services, examination of documentation and review of MBS, we determined that:</p> <ul style="list-style-type: none"> <li>• Horizon Power has adopted the ‘Western Australian Electricity Market Metrology Procedures for Metering Installations’ as its metrology standard</li> <li>• There are currently 119 interval meters connected to Horizon Power’s network and AMRS are engaged to read the interval meters on Horizon Power’s behalf</li> <li>• Meters are provided by Elster and: <ul style="list-style-type: none"> <li>○ Record half hourly power consumption and have the capacity for information to be downloaded</li> <li>○ Meet interface requirements.</li> </ul> </li> </ul>   |
| 322 | If a metering installation is required to include a communications link, the link must (where necessary), include a modem and isolation device approved under the relevant telecommunications regulations, to allow the interval energy data to be downloaded in the manner prescribed. | Compliant – 5     | <p>Through discussion with the Manager Customer Services and examination of the Metrology Procedure, we determined that:</p> <ul style="list-style-type: none"> <li>• Horizon Power’s Metrology Procedure governs the communications link installation process. Communication links are required to be installed for all interval meters connected to Horizon Power’s network</li> <li>• A communications link is required to have a modem and meet specific performance requirements. The link must also permit collection of data remotely as well as locally (refer to schedule 1, clause 5.65 of the Metrology Procedure).</li> </ul>  |
| 323 | A network operator must ensure that there is a metering installation at every connection point on its network which is not a Type 7 connection point. Unless it is a Type 7 metering installation, the metering installation must meet the functionality requirements prescribed.       | Compliant – 5     | <p>Through discussions with the Manager Customer Services and examination of Horizon Power’s policies and procedures, we determined that:</p> <ul style="list-style-type: none"> <li>• Horizon Power has committed to providing a physical metering installation for all connection points of type 1 to 6 meters (refer to section 2.1.2 of the Metrology Procedure) designed to measure energy consumption to a fiscal standard</li> <li>• Policies and procedures have been developed to govern the installation of meters, which are designed to align with WA electricity safety standards and measure to a fiscal standard</li> <li>• Horizon Power’s standard practice is for the connection point and metering point to be the same. Also, MBS is designed so that every connection has a meter.</li> </ul> |

| No  | Obligation under Condition   | Compliance Rating | Findings  |
|-----|--|-------------------|---|
| 324 | A network operator must, for each metering installation on its network, on and from the time of its connection to the network, provide, install, operate and maintain the metering installation in the manner prescribed (unless otherwise agreed).      | Non-compliant – 2 | <p>Through discussions with the Manager Customer Services and examination of Horizon Power’s policies and procedures, we determined that:</p> <ul style="list-style-type: none"> <li>• Section 2.1.1 of the Metrology Procedure states that “the Network Operator [Horizon Power] is responsible for the design, provision, installation and maintenance of metering installations”</li> <li>• Horizon Power, as the Network Operator, is responsible for performing these activities. For the period subject to audit, Horizon Power has engaged third parties (e.g. Western Power, AMRS and Elster) to provide, install and maintain meters connected to its network</li> <li>• Horizon Power’s maintenance of meters during the period subject to audit has not been effectively managed due to the lack of compliance with its Metrology Procedure</li> <li>• Horizon Power developed a Metering Asset Management Plan (the Plan), which describes the metering asset management methodology for Horizon Power’s meters.</li> </ul> <p><i>Refer to findings, recommendation and action plan detailed at obligation 319.</i></p> |
| 325 | A network operator must ensure that, except for a Type 7 metering installation, the metering point for a revenue metering installation is located as close as practicable to the connection point in accordance with good electricity industry practice. | Compliant – 5     | <p>Through discussions with the Manager Customer Services and examination of Horizon Power’s Metrology Procedure, we determined that:</p> <ul style="list-style-type: none"> <li>• A metering installation is designed for each metering point (section 1.3.4). A metering point is defined as a point on the network at which energy data measurement takes place (i.e. the connection point)</li> <li>• Horizon Power’s standard practice is for the connection point and metering point to be the same for all type 1 to 6 meters installed on its network</li> <li>• Policies and procedures, which govern the installation of meters are designed to align with WA electricity safety standards</li> <li>• Horizon Power only engage contractors that are approved by Energy Safety ‘Contractor Connect’ systems and process adherence to AS/NZS:3000-2000 standard for Wiring.</li> </ul>   |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 327 | If a network operator becomes aware that a metering installation does not comply with the Code, the network operator must advise affected parties of the non-compliance and arrange for the non-compliance to be corrected as soon as practicable.  | Non-compliant 2   | <p>Horizon Power relies on its Metrology Procedure and Metering Management Plan to ensure that its meters are compliant. Schedule 1 clause 5.105, Schedule 2 clause 6.71 and Schedule 3 clause 7.34 of the Metrology Procedure specify the actions to be taken by Horizon Power in the event of non-compliance of a metering installation, including notification to the Authority and restoration of the meter's compliance.</p> <p>With the implementation of the Metering Management Plan, Horizon Power has undertaken to replace a sample of meters which are then subject to testing. We note that:</p> <ul style="list-style-type: none"> <li>• The test plan requires approximately 600 meters to be randomly selected across the service area and tested. At the time of this audit, approximately 200 meters had been tested with a current failure rate of approximately 54%</li> <li>• Failures occurred in almost all of the populations of meters installed</li> <li>• The most recently installed three phase meters have not recorded failures</li> <li>• Horizon Power has not formally notified the Authority or the Office of Energy on the status of its Metering Management Plan and associated findings</li> <li>• The meter test process involves communication with customers prior to testing and at the conclusion of testing, including notification of test results.</li> </ul> <p><i>Refer to findings, recommendation and action plan detailed at obligation 319.</i></p> |
| 328 | All devices that may be connected to a telecommunications network must be compatible with the telecommunications network and comply with all applicable State and Commonwealth enactments.  | Compliant – 5     | The Manager Customer Services confirmed that due to the remoteness of Horizon Power's operations, all communications equipment is sourced through Telstra, who he is confident is compliant with applicable enactments.   |
| 329 | A network operator must, for each metering installation on its network, ensure that the metering installation is secured by means of devices or methods which, to the standard of good electricity industry practice, hinder unauthorised access and enable unauthorised access to be detected. | Compliant – 5     | <p>The Manager Customer Services confirmed that:</p> <ul style="list-style-type: none"> <li>• Security is inherent in the design of the meter, as tampering is clearly visible</li> <li>• Inspection of the meters for tampering is also considered as part of the meter audit process. Also, AMRS are required to inspect the meter for tampering as part of the meter reading process</li> <li>• If the seal of the meter is broken, the meter reader notifies Horizon Power and a Horizon Power Inspector is dispatched to investigate.</li> </ul>   |
| 330 | Each metering installation must meet at least the requirements for that type of metering installation specified in Table 3 in Appendix 1 of the Code.   | Non-compliant – 2 | <p><i>Obligations 330 and 331</i></p> <p>Horizon Power relies on its Metrology Procedure and Metering Management Plan to ensure that its meters are compliant. With the implementation of the Metering Management Plan, Horizon</p>   |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
| 331 | For a metering installation used to supply a customer with requirements above 1000 volts that require a VT and whose annual consumption is below 750MWh, the metering installation must meet the relevant accuracy requirements of Type 3 metering installation for active energy only.  | Non-compliant – 2 | <p>Power has undertaken to replace a sample of meters which are then subject to testing. We note that:</p> <ul style="list-style-type: none"> <li>• The test plan requires approximately 600 meters to be randomly selected across the service area and tested. At the time of this audit, approximately 200 meters had been tested with a current failure rate of approximately 54%</li> <li>• Failures occurred in almost all of the populations of meters installed</li> <li>• The most recently installed three phase meters have not recorded failures</li> <li>• Horizon Power has not formally notified the Authority or the Office of Energy on the status of its Metering Management Plan and associated findings.</li> </ul> <p><i>Refer to findings, recommendation and action plan detailed at obligation 319.</i></p> |
| 332 | If compensation is carried out within the meter then the resultant metering system error must be as close as practicable to zero.  | Compliant – 5     | Horizon Power relies on its Metrology Procedure and Metering Management Plan to ensure that its meters meet accuracy requirements. Should the need arise where compensation is required, the Metrology procedure outlines the accuracy requirements of the metering installation effectively reducing potential errors to zero.  |
| 333 | A network operator must ensure that any programmable settings within any of its metering installations, data loggers or peripheral devices, that may affect the resolution of displayed or stored data, meet the relevant requirements specified in the applicable metrology procedure and comply with any applicable specifications or guidelines specified by the National Measurement Institute under the National Measurement Act. | Compliant – 5     | <p>Through discussions with the Manager Customer Services and examination of policies and procedures, we determined that:</p> <ul style="list-style-type: none"> <li>• Horizon Power meets all national measurement requirements and is in the process of assessing whether the individual meters are accurate (via a test program)</li> <li>• The meters that Horizon Power use (supplied by Elster) are able to be re-programmed as required e.g. changing in tariff levels</li> <li>• Should the need arise; Horizon Power is able to update the meters to comply with applicable standards.</li> </ul> <p>Formway Group has been engaged to undertake the testing of Horizon Power's meters. Horizon Power's protocol is that if a meter requires testing, the meter connected to a premise is replaced.</p>                   |

| No  | Obligation under Condition  | Compliance Rating | Findings   |
|-----|---|-------------------|--|
| 334 | A network operator must ensure that a metering installation on its network permits collection of data within the timeframes and to the level of availability specified.   | Compliant – 4     | <p>Clause 3.11(1) of the Metering Code specifies the requirement for Horizon Power to ensure that its meters permit the collection of data at a level of availability of at least 99% per annum.</p> <p>The Manager Metering Services confirmed that:</p> <ul style="list-style-type: none"> <li>• Meters provided by Elster, are pattern approved under NMI M6, which meet Australian Standards for data collection timeframes and data availability levels</li> <li>• During the period 1 October 2009 to 31 March 2011, Horizon Power’s 119 electronically read meters were read on a monthly basis and permitted data to be collected on each occasion, meeting the 99% p.a. availability requirement</li> <li>• During the period 1 October 2009 to 31 March 2011, Horizon Power’s remaining meters (approximately 42,000) were scheduled to be read via visual inspection on at least a two monthly basis</li> </ul> <p>We note that time accuracy requirements only apply to type 1 to type 5 installations. The Manager Customer Services confirmed that Horizon Power’s type 1 to 5 meters are read electronically by MV90 for interval data collection. MV90 sets the time and date each time requests data from the interval meter.</p> <p><i>Refer to Revised Action Plan 6/2009 in relation to the implementation of mDATA21 and an appropriate exception reporting regime.</i></p> |
| 337 | A network operator must ensure that each metering installation complies with at least, the prescribed design requirements.  | Compliant – 5     | <p><i>Obligations 337 and 338</i></p> <p>Through discussions with the Manager Customer Services and examination of policies and procedures, we determined that:</p>  |
| 338 | A network operator must ensure that instrument transformers in its metering installations comply with the relevant requirements of any applicable specifications or guidelines (including any transitional arrangements) specified by the National Measurement Institute under the National Measurement Act and any requirements specified in the applicable metrology procedure. | Compliant – 5     | <ul style="list-style-type: none"> <li>• Horizon Power relies on the following sections of its Metrology Procedure to outline the components required for metering installations: <ul style="list-style-type: none"> <li>○ Section 1.8 references the metering installation components required</li> <li>○ The Schedules attached to the Metrology Procedure outline, in greater detail, the design requirements of the specific meters, in accordance with industry best practice.</li> </ul> </li> <li>• Horizon Power’s metering installation design standards are also relied on to ensure that installations comply with applicable guidelines. The design standards are referenced by technical staff when installing metering installations</li> <li>• Meters are provided by Elster and are pattern approved under NMI M6, which meet Australian Standards.</li> </ul>   |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 339 | A network operator must provide isolation facilities, to the standard of good electricity industry practice, to facilitate testing and calibration of the metering installation.  | Compliant – 5     | <p>The Manager Customer Services confirmed that:</p> <ul style="list-style-type: none"> <li>• Every installation contains fuses which permit the isolation of metering equipment on site to undertake maintenance works</li> <li>• Horizon Power’s standard practice is to: <ul style="list-style-type: none"> <li>○ Remove the meter from the customers metering installation and replace with a brand new/reconfigured meter</li> <li>○ Not undertake testing of meters on site</li> <li>○ Send the meter to the Formway Group laboratory for testing.</li> </ul> </li> <li>• Meter testing is performed in a NATA accredited laboratory using national testing standards.</li> </ul>   |
| 340 | A network operator must maintain drawings and supporting information, to the standard of good electricity industry practice, detailing the metering installation for maintenance and auditing purposes.   | Compliant – 5     | The Manager Customer Services confirmed that Horizon Power maintains copies of the required CT and VT drawings connected to its network.  |
| 342 | A partial check metering installation must be physically arranged in a manner determined by the network operator, acting in accordance with good electricity industry practice.   | Compliant – 5     | <p><i>Obligations 342 and 343</i></p> <p>Through discussions with the Manager Customer Services and examination of Horizon Power’s Metrology Procedure, we determined that:</p>   |
| 343 | A check metering installation for a metering point must not exceed twice the error level permitted under clause 3.9 for the revenue metering installation for the metering point, and must be connected in such a way that it measures the same load conditions as the revenue metering installation for the metering point, and must be otherwise consistent with the prescribed requirements. | Compliant – 5     | <ul style="list-style-type: none"> <li>• Horizon Power has adopted the ‘Western Australian Electricity Market Metrology Procedures for Metering Installations’ as its metrology standard. The Metrology Procedure specifies the minimum requirements for installing a check and partial check metering installation</li> <li>• Horizon Power only engages contractors that are approved by Energy Safety ‘Contractor Connect’ systems and process adherence to AS/NZS:3000-2000 standard for Wiring</li> <li>• Contractor works are subject to review by Horizon Power’s Inspectorate division prior to the premises being energised. Reviews are conducted on a rotational basis depending of the level of proficiency of the contractor</li> <li>• Policies and procedures, which govern the installation of meters, are designed to align with WA electricity safety standards.</li> </ul> |

| No  | Obligation under Condition  | Compliance Rating | Findings   |
|-----|---|-------------------|--|
| 353 | Meters containing an internal real time clock must maintain time accuracy as prescribed. Time drift must be measured over a period of 1 month.  | Non-compliant- 2  | <p>Horizon Power's Metrology Procedure schedule 1 clause 5.59 references the time function requirements of the data logger, which match the time drift maximum allowances, as prescribed by Appendix 1 of the Metering Code.</p> <p>The Manager Customer Services confirmed that:</p> <ul style="list-style-type: none"> <li>• Meters supplied to Horizon Power by Elster comply with pattern requirements under the NEIMCO metering group, which address the time accuracy requirements</li> <li>• For Horizon Power's 119 electronically read meters, the MV90 data collection system sets the time clock on a bi-monthly basis (each time the meter is connected to the system)</li> </ul> <p>Horizon Power has not undertaken an audit of the accuracy requirements of its meters. We also note that Horizon Power's current Metering Management Plan does not consider time accuracy requirements of interval meters.</p> <p><i>Refer to findings, recommendation and action plan detailed at obligation 319.</i></p> |
| 354 | If a metering installation includes measurement elements and an internal data logger at the same site, it must include facilities on site for storing the interval energy data for the periods prescribed.  | Compliant – 5     | Section 2.2.5 of the Metrology Procedure provides that if a metering installation includes a data logger, it must have the capacity to store data for specific timeframes.   |
| 355 | A network operator providing one or more metering installations with enhanced technology features must be licensed to use and access the metering software applicable to all devices being installed and be able to program the devices and set parameters.   | Compliant – 5     | <p>Through discussions with the Manager Customer Services and examination of Horizon Power's Metrology Procedure and MBS, we determined that:</p> <ul style="list-style-type: none"> <li>• Horizon Power has recognised its requirement to maintain a licence for access to applicable metering software within its Metrology Procedure(section 2.2.7)</li> <li>• Western Power has been contracted to act as Horizon Power's metering data agent and administer MBS</li> <li>• Horizon Power holds ID licences to access MBS, for which Horizon Power pays Western Power for access.</li> </ul>   |
| 358 | A network operator that operates and maintains a pre-payment meter on its network must operate and maintain the pre-payment meter in accordance with good electricity industry practice and, as far as reasonably practicable, minimise any departure from what the requirements of the Code would have been in respect of the pre-payment meter if clause 3.24 were deleted. | Compliant – 5     | <p>Through discussions with the Manager Customer Services and examination of Horizon Power's Metrology Procedure and MBS, we determined that pre-payment meters are currently exempt from requirements under the Metering Code (refer to s.3.24 of the Code). However, we note that:</p> <ul style="list-style-type: none"> <li>• Section 2.3 of the Metrology Procedure outlines Horizon Power's commitment to maintaining prepayment meters in accordance with good electricity industry practice</li> <li>• Prepayment meters are installed by Horizon Power staff and are subject to audit under normal sample selection procedures</li> <li>• Prepayment meters on Horizon Power's network categorised as Type 6 meters.</li> </ul>   |

| No                                    | Obligation under Condition  | Compliance Rating | Findings   |
|---------------------------------------|---|-------------------|--|
| 359                                   | A person must not install a metering installation on a network unless the person is the network operator or a registered metering installation provider for the network operator doing the type of work authorised by its registration.   | Compliant – 5     | Through discussions with the Manager Customer Services and examination of Horizon Power's Metrology Procedure, we determined that Horizon Power's processes are designed so that Horizon Power: <ul style="list-style-type: none"> <li>Is involved with the installation of meters, should the contractor not be a registered metering installation provider</li> <li>Inspects meters installed by contractors who are registered metering installation providers on a rotational basis based on the contractors 'inspectorate rating' so as to ensure compliance with the Metrology Procedure.</li> </ul>   |
| 360                                   | A network operator must publish a list of registered metering installation providers, including the prescribed details, and at least annually, update the list.   | Compliant – 5     | Horizon Power has placed a link on its website that directs customers to Western Power's list of registered metering installations. Horizon Power relies on Western Power's use of the Electricity Licensing Inspection System (ELIS). This system is used to monitor contractors, as well as publish registered contractors for public use.   |
| <b>Part 4 - The metering database</b> |   |                   |  |
| 361                                   | A network operator must establish, maintain and administer a metering database containing standing data and energy data for each metering point on its network.   | Compliant – 5     | Through discussions with the Manager Customer Services and examination of the service level contract, we determined that Western Power: <ul style="list-style-type: none"> <li>Has acted as Horizon Power's metering data agent since disaggregation in 2006. A formal contract between the two parties was developed for the period 1 July 2009 to 30 June 2010. The contract terms have been formally extended to 30 June 2011</li> <li>Must maintain a metering registry that involves ensuring installation, upgrade, change and removal of meters is managed and that standing data is provided (refer schedule 3, section 1.3 of the contract).</li> </ul> |
| 362                                   | A network operator must ensure that its metering database and associated links, circuits, information storage and processing systems are secured by means of devices or methods which, to the standard of good electricity industry practice, hinder unauthorised access and enable unauthorised access to be detected. | Compliant – 5     | Through discussions with the Manager Customer Services and examination of the service level contract, we determined that Western Power: <ul style="list-style-type: none"> <li>Is formally contracted to act as Horizon Power's metering data agent</li> <li>Must comply with all legislative requirements so far as they may affect or apply to Western Power in the performance of the services under the service level contract (section 18.2(a) of the contract)</li> <li>Must engage only suitably qualified personnel to perform the services outlined under the service level contract (s. 8.1 of the contract).</li> </ul>                               |

| No  | Obligation under Condition  | Compliance Rating | Findings   |
|-----|---|-------------------|--|
| 363 | A network operator must prepare, and if applicable, must implement a disaster recovery plan to ensure that it is able, within 2 business days after the day of any disaster, to rebuild the metering database and provide energy data to Code participants.   | Compliant – 5     | <p>Through discussions with Manager Customer Services and the Western Power IT Commercial Manager, and examination of the service level contract and the MBS Disaster Recovery Plan, we determined that Western Power:</p> <ul style="list-style-type: none"> <li>• Is formally contracted to act as Horizon Power’s metering data agent</li> <li>• Must comply with all legislative requirements so far as they may affect or apply to Western Power in the performance of the services under the service level contract (section 18.2(a) of the contract)</li> <li>• Mirrors its data and has a backup server on standby in the event of DR plans being initiated</li> <li>• Has established a target to have the server operational within 48 hours</li> <li>• Conducts yearly DR testing, which Horizon Power is able to attend and view the results. The most recent testing was conducted in December 2010.</li> </ul> |
| 365 | The standing data for a metering point must comprise at least the items specified.  | Compliant – 5     | <p>Through discussions with the Manager Customer Services, examination of the service level contract and walkthrough of MBS, we determined that:</p> <ul style="list-style-type: none"> <li>• Western Power is formally contracted to act as Horizon Power’s metering data agent</li> <li>• Horizon Power is reliant on Western Power to ensure that the standing data for each metering point contains the items specified at clause 4.3(1) of the Metering Code</li> <li>• Western Power must comply with all legislative requirements so far as they may affect or apply to Western Power in the performance of the services under the service level contract (section 18.2(a) of the contract).</li> </ul>   |
| 373 | A network operator must have security devices and methods in place that ensure that energy data held in its metering installation and data held in its metering database is secured from unauthorised local or remote access, in the manner prescribed, sufficient to the standard of good electricity industry practice. | Compliant – 5     | <p>The Western Power IT Strategist Strategy and Architecture confirmed that:</p> <ul style="list-style-type: none"> <li>• Western Power’s servers are maintained in a locked facility</li> <li>• MBS is password protected, dictating the level of access granted as well as Network/LDAP security.</li> </ul>   |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 374 | A network operator must ensure that electronic passwords and other electronic security controls are secured from unauthorised access and are only issued to authorized personnel.     | Compliant – 5     | <p>Through discussions with the Manager Customer Services, we determined that Horizon Power has the following processes in place to provide user access to MBS:</p> <ul style="list-style-type: none"> <li>• MBS is password protected, dictating the level of access granted as well as Network/LDAP security</li> <li>• Horizon Power staff are required to submit a request for access to the Manager Customer Services</li> <li>• The Manager Customer Services approves the request and submits a request to Western Power to provide access to MBS.</li> </ul>  |
| 375 | A network operator must retain energy data in its metering database for each metering point on its network for at least the periods, and with the level of accessibility, prescribed. | Compliant – 5     | <p>Through discussions with the Manager Customer Services, examination of the service level contract and walkthrough of MBS, we determined that:</p> <ul style="list-style-type: none"> <li>• Western Power is formally contracted to act as Horizon Power’s metering data agent</li> <li>• Western Power must comply with all legislative requirements so far as they may affect or apply to Western Power in the performance of the services under the service level contract (section 18.2(a) of the contract)</li> <li>• Horizon Power is reliant on Western Power to maintain the metering information in compliance with clause 4.9 of the Metering Code</li> <li>• Data relating to each metering point on its network has been maintained since disaggregation in 2006.</li> <li>• MBS maintains the required data for at least: <ul style="list-style-type: none"> <li>○ 13 months (in a readily accessible format)</li> <li>○ A further 5 years and 11 months (in a format that is accessible within a reasonable period of time).</li> </ul> </li> </ul> |

| No                                | Obligation under Condition   | Compliance Rating | Findings  |
|-----------------------------------|--|-------------------|---|
| <b>Part 5 - Metering services</b> |  |                   |   |
| 378                               | A network operator must, for each metering point on its network, obtain energy data from the metering installation and transfer the energy data into its metering database within the timeframes prescribed.   | Non-compliant – 2 | <p>Schedule 2, section 2.4 of the AMRS contract requires data to be uploaded to Horizon Power metering Services by 4.30 pm ASWT of the next business day after the readings are obtained. As set out in the contract, AMRS must report to Horizon Power the required performance related KPIs. The upload of information does not form part of the reporting protocol.</p> <p>The Code requires Horizon Power to obtain meter reading energy data and transfer that data to its metering database within two business days of the meter reading.</p> <p>Our sample testing of 20 meter reading upload timeframes identified nine that were not uploaded within the two business day requirement.</p> <p>As the 2009 audit also reported non-compliances with this requirement and in accordance with Action Plan 24/09, Horizon Power had attempted to address this matter by reviewing its processes and procedures and re-stating the importance of compliance with AMRS. It is apparent that those efforts have not achieved the required improvement in compliance results.</p> |
|                                   | <p><b>Recommendation 20/2011</b></p> <p>Horizon Power</p> <p>(a) Establish effective monitoring and reporting requirements within its arrangements with AMRS</p> <p>(b) Develop a strategy for achieving compliance with the requirements clause 5.3 of the Metering Code:</p> <p>(i) For the period leading up to the implementation of mDATA21</p> <p>(ii) Once mDATA21 becomes operational.</p> |                   | <p><b>Action Plan 20/2011</b></p> <p>The Customer Service team will:</p> <p>(a) Remove the meter reading download and upload processes from the AMRS contract and complete these tasks in house, in line with the delivery of the mDATA21 metering system</p> <p>(b) Request AMRS to comply with this part of the contract and request a fortnightly report of compliance from AMRS.</p> <p><b>Responsible Person:</b> Field Services and Metering Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>   |
| 379                               | A network operator must, for each accumulation meter on its network, use reasonable endeavours to undertake a meter reading that provides an actual value at least once in any 12 month period.  | Compliant – 5     | <p>Through discussions with the Manager Customer Services and examination of the AMRS service level contract, we determined that:</p> <ul style="list-style-type: none"> <li>Horizon Power has formally contracted AMRS to provide meter reading services for the meters connected within its licensed areas</li> <li>Horizon Power's Metrology Procedure outlines the meter reading requirements for the metering installations connected within its licensed areas (section 3.3)</li> <li>Horizon Power typically operates a type 6 meter, which is read bi-monthly</li> <li>The AMRS Meter Reading Service Level Contract outlines the metering procedure AMRS is required to follow.</li> </ul>   |

| No  | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 413 | A network operator must validate energy data in accordance with this Code applying, as a minimum, the prescribed rules and procedures and must, where necessary, substitute and estimate energy data under this Code applying, as a minimum, the prescribed rules and procedures. | Compliant – 5     | Through discussions with the Manager Customer Services, examination of the service level contract and walkthrough of MBS, we determined that: <ul style="list-style-type: none"> <li>Western Power is formally contracted to act as Horizon Power’s metering data agent</li> <li>Western Power must comply with all legislative requirements so far as they may affect or apply to Western Power in the performance of the services under the service level contract (section 18.2(a) of the contract)</li> <li>Western Power substitutes, estimates or validates energy data in accordance with Horizon Power’s Metrology Procedures where an actual reading has not been obtained, or the actual reading has failed validation (Schedule 3, Section 1.2)</li> <li>MBS operates within Horizon Power’s Metrology Procedure (as it is a copy of Western Power’s procedure), which outlines validation requirements at section 3.4. The section outlines that if a validation fails prescribed testing (at Schedule 8) the data is to be estimated. The rules for estimation are outlined in the Metrology Procedure.</li> </ul> |
| 414 | The network operator must use check metering data, where available, to validate energy data provided that the check metering data has been appropriately adjusted for differences in metering installation accuracy.  | Compliant – 5     | The Manager Customer Services confirmed that all check meters installed on Horizon Power’s network are the same class as revenue meters installed, with no differences in the metering installation accuracy to be accounted for.   |
| 415 | A network operator must prepare substitute values using the prescribed method if a check meter is not available or energy data cannot be recovered from the metering installation within the time required.   | Compliant – 5     | <p><i>Obligations 415 and 417</i></p> <p><i>Refer to findings for obligation 413 above.</i></p>   |
| 417 | Substitution or estimation of energy data is to be required when energy data is missing, unavailable or corrupted, including in the circumstances described.  | Compliant – 5     |   |

| No  | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
| 418 | A network operator must review all validation failures before undertaking any substitution.  | Compliant – 5     | <p>Through discussions with the Manager Customer Services, examination of the service level contract and walkthrough of MBS, we determined that Western Power:</p> <ul style="list-style-type: none"> <li>• Is formally contracted to act as Horizon Power’s metering data agent</li> <li>• Must comply with all legislative requirements so far as they may affect or apply to Western Power in the performance of the services under the service level contract (section 18.2(a) of the contract)</li> <li>• Substitutes, estimates or validates energy data in accordance with Horizon Power’s Metrology Procedures where an actual reading has not been obtained, or the actual reading has failed validation (Schedule 3, Section 1.2)</li> </ul> <p><i>Refer to findings for obligation 413 above.</i></p> |
| 419 | A network operator that determines that there is no possibility of determining an actual value for a metering point must designate an estimated or substituted value for the metering point to be a deemed actual value for the metering point.  | Compliant – 5     | <p><i>Obligations 419 to 423 and 425</i></p> <p><i>Refer to findings for obligation 413 above.</i></p>   |
| 420 | A network operator that has designated a deemed actual value for a metering point must repair or replace the meter or one or more of components of metering equipment (as appropriate) at the metering point.  | Compliant – 5     |  |
| 421 | A network operator that uses an actual value (first value) for energy data for a metering point, and a better quality actual or deemed actual value is available (second value), must replace the first value with the second value if doing so would be consistent with good electricity industry practice. | Compliant – 5     |  |
| 422 | A network operator that uses a deemed actual value (first value) for energy data for a metering point, and a better quality deemed actual value is available (second value), must replace the first value with the second value if doing so would be consistent with good electricity industry practice.     | Compliant – 5     |  |

| No                            | Obligation under Condition   | Compliance Rating | Findings  |
|-------------------------------|--|-------------------|---|
| 423                           | A network operator that uses an estimated or substituted value (first value) for energy data for a metering point, and a better quality actual, deemed, estimated or substituted value is available (second value), must replace the first value with the second value if doing so would be consistent with good electricity industry practice or the user and its customer jointly request it to do so. | Compliant – 5     | <p><i>Obligations 419 to 423 and 425</i></p> <p><i>Refer to findings for obligation 413 above.</i></p>  |
| 425                           | A network operator must ensure the accuracy of estimated energy data in accordance with the methods in its metrology procedure and ensure that any transformation or processing of data preserves its accuracy in accordance with the metrology procedure.   | Compliant – 5     |   |
| 427                           | If a network operator makes an election for the electricity networks corporation to be its metering data agent in relation to a network, then, except to the extent that the metering data agency agreement provides otherwise, the parties must undertake the activities prescribed.  | Compliant – 5     | Horizon Power has contracted Western Power to act as its Metering Data Agent, only to the extent that of those items specified at schedule 1 of the SLC.  |
| 428                           | If a network operator makes an election for the electricity networks corporation to be its metering data agent in relation to a network, then the electing network operator and the electricity networks corporation must enter into a metering data agency agreement in relation to the network, which must deal with at least the matters prescribed.  | Compliant – 5     | The Regulation Compliance Coordinator confirmed that Horizon Power has formally elected Western Power to act as its metering data agent, with relevant contractual arrangements now in place.   |
| <b>Part 6 – Documentation</b> |  |                   |   |
| 432                           | A network operator must, in relation to its network, comply with the agreements, rules, procedures, criteria and processes prescribed.   | Non-compliant – 2 | <p>The Code requires Horizon Power to comply with a number of key documents which address the management and maintenance of its network and meters, including Communication Rules, its Metrology Procedure, Mandatory Link Criteria and any relevant Service Level Agreement. Our consideration of Horizon Power's compliance with those relevant documents is detailed in the Metering Code findings above.</p> <p>During the period subject to audit Horizon Power had not complied with section 2.7.1 of its Metrology Procedure, which requires its meters to be subject to testing and inspection in accordance with its Metering Management Plan.</p> <p><i>Refer to findings, recommendation and action plan detailed at obligation 319.</i></p> |

## 4.9 Electricity Industry (Network Quality and Reliability of Supply) Code

### Obligations determined to be not applicable

All obligations were determined to be applicable to Horizon Power's operations as a distributor and/or transmitter of electricity for the period subject to audit.

### Obligations determined to be not rateable

Horizon Power's compliance with the following obligations could not be rated as there was no relevant activity in the period subject to audit.

| Obligation | Reason   |
|------------|--|
| 454, 455   | No relevant instruments have been issued by the Minister.  |
| 463, 464   | The Regulations Compliance Coordinator confirmed that no quality investigations had been requested during the period subject to audit. |

### Assessment of compliance

The table below summarises the audit's assessment of Horizon Power's compliance with the relevant obligations of the Code of Conduct.

|     |     | Non-compliant |   | Compliant |   |    | Total     |
|-----|-----|---------------|---|-----------|---|----|-----------|
| N/A | N/R | 1             | 2 | 3         | 4 | 5  |           |
| -   | 4   | -             | 3 | 1         | 1 | 15 | <b>24</b> |

The following table provides detailed findings for each applicable and rateable obligation with an individual assessment of compliance. Note that separate findings are not provided for those obligations that are not applicable or cannot be rated, as detailed in the tables above.

| No. | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 446 | A distributor or transmitter must, as far as reasonably practicable, ensure that electricity supply to a customer's electrical installations complies with prescribed standards.  | Compliant – 5     | <p><i>Obligations 446 to 453</i></p> <p>Through:</p> <ul style="list-style-type: none"> <li>• Consideration of Horizon Power's Trouble Call Management System (TCMS) and Trouble Call System (TCS)</li> <li>• Discussion with the Manager Customer Services, Strategy Engineer and Regulation Compliance Coordinator</li> <li>• Examination of Horizon Power's Power Quality Investigation handbook and associated Independent Auditor report</li> <li>• Examination of Horizon Power's website on its supply quality service level.</li> </ul> <p>We determined that Horizon Power has implemented systems and processes for:</p> <ul style="list-style-type: none"> <li>• As far as reasonably practicable ensuring that: <ul style="list-style-type: none"> <li>▪ Electricity supply conforms with the following standards: <ul style="list-style-type: none"> <li>○ AS/NZS 61000.3.3:1998 for voltage fluctuations</li> <li>○ AS/NZS 61000.3.2:1998 for harmonics</li> </ul> </li> <li>▪ Electricity supply is disconnected from customer premises if supply quality is not according to the prescribed standards</li> <li>▪ Electricity supply is reliable and occurrence and duration of interruptions are minimised by installing automated devices at strategic points of the network</li> <li>▪ The effect of any interruption on a customer is reduced by supplying electricity using alternative means (e.g. the use of mobile equipment)</li> <li>▪ The cause or causes of interruption are remedied, or an alternative arrangement is entered into with the customer, to the customer's satisfaction</li> <li>▪ Customers in specified areas (being the Perth CBD, urban areas other than the Perth CBD and any other area of the State) do not have average total lengths of interruptions of supply greater than specified durations. We note that Horizon Power records and reports instances where the average length of interruption is greater than 290 minutes</li> <li>▪ Supply interruptions to customers are monitored by calculating the System Average Interruption Duration Index (SAIDI).</li> </ul> </li> <li>• The average total length of interruptions of supply is calculated according to the specified method in Clause 13 of the Code by calculating the 4 year average figure.</li> </ul> |
| 447 | A distributor or transmitter must, so far as reasonably practicable, disconnect the supply of electricity to installations or property in specified circumstances, unless it is in the interest of the customer to maintain the supply. | Compliant – 5     |   |
| 448 | A distributor or transmitter must, as far as reasonably practicable, ensure that the supply of electricity is maintained and the occurrence and duration of interruptions is kept to a minimum.   | Compliant – 5     |   |
| 449 | A distributor or transmitter must, so far as reasonably practicable, reduce the effect of any interruption on a customer.   | Compliant – 5     |   |
| 450 | A distributor or transmitter must consider whether, in specified circumstances, it should supply electricity by alternative means to a customer who will be affected by a proposed interruption.  | Compliant – 5     |   |
| 451 | A distributor must take prescribed action in the event of a significant interruption to a small use customer.   | Compliant – 5     |   |
| 452 | A distributor or transmitter must, so far as reasonably practicable, ensure that customers in specified areas do not have average total lengths of interruptions of supply greater than specified durations.                            | Compliant – 5     |   |
| 453 | The average total length of interruptions of supply is to be calculated using the specified method.   | Compliant – 5     |   |

| No. | Obligation under Condition  | Compliance Rating | Findings   |
|-----|---|-------------------|--|
|     |   |                   | <p>We note that the 2009/10 Network Quality and Reliability of Supply Audit Report:</p> <ul style="list-style-type: none"> <li>• Concluded that the systems and processes within Horizon Power satisfy the requirements of Part 2 of the Network Quality and Reliability of Supply Code</li> <li>• Identified that recommendations from 2 previous audits have been addressed</li> <li>• Quoted the fourth year figure when reviewing the standard average total length of interruptions rather than a four year average figure</li> <li>• Identified one improvement opportunity relating to connectivity between the TCS and the customer database to improve monitoring of significant interruptions to customers.</li> </ul>   |
| 456 | A distributor operating a relevant distribution system must, in specified circumstances, make a payment to a customer within a specific timeframe for a failure to give required notice of planned interruption.  | Compliant - 4     | <p>The 2009/10 Network Quality and Reliability of Supply Performance Report disclosed that for the year ending 30 June 2010, there was one payment made to a customer for failure to give required notice for planned interruption. Although details of such payments are expected to be recorded in a spreadsheet maintained by the Team Leader Billing Services, the spreadsheet available to the audit did not reflect the payment disclosed in the 2009/10 Performance Report.</p> <p>Horizon Power's Trouble Call System (TCS) is the existing source of information on supply interruptions. As TCS records are not integrated with the Velocity system, Horizon Power requires a manual process for recognising applications for payment for failure to give required notice of planned interruption.</p> <p>The Code requires such payments to be made within 30 days of the customer's application. The Team Leader - Customer Services confirmed that Customer Care employees are aware of this 30 day payment requirement and that instructions are made to the accounts payable team for payments to be processed accordingly.</p> |
|     | <p><b>Recommendation 21/2011</b></p> <p>Horizon Power</p> <p>(a) Develop clear instructions for recording details of payments for failure to give required notice of planned interruption</p> <p>(b) Investigate the capability of Velocity or mDATA21 for recording such customer applications and payments and for monitoring payment timeframes.</p> |                   | <p><b>Action Plan 21/2011</b></p> <p>The Customer Service team will:</p> <p>(a) Develop clear procedures for the daily management of "reliability" payments by review of the TCS system</p> <p>(b) Record all applications and payments will in the spreadsheet maintained by the Team Leader - Billing Services.</p> <p><b>Responsible Person:</b> Field Services and Metering Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>   |

| No. | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 457 | A distributor operating a relevant distribution system must, in specified circumstances, make a payment to a customer within a specific timeframe if a supply interruption exceeds 12 hours.  | Non-Compliant – 2 | <p>For the period between 1 October 2009 and 31 March 2011, Horizon Power made 99 payments to eligible customers under the Extended Outage Payment Scheme (EOPS).</p> <p>The relatively high number of payments made compared to the 2008/09 financial year of 31 was due to the impact on supply by the occurrence of flooding at Carnarvon. Horizon Power also made voluntary payments to customers who were affected by the flood at Carnarvon.</p> <p>The Code requires payments to be made within 30 days of the customer’s application. Our testing of 40 of the 99 payments made during the period 1 October 2009 and 31 March 2011 identified three that were made outside of the 30 day timeframe payments. There were no explanations recorded in the Velocity system for the timeframe not being met, however each of the three instances occurred during a period in which the role for processing applications was being transitioned to a new employee.</p> <p>As Horizon Power’s current processes are manual and performed by a single employee, there is a continued chance of eligible applications not being processed in a timely manner, particularly if the employee is absent from work, or has other duties to perform.</p> |
|     | <p><b>Recommendation 22/2011</b></p> <p>Horizon Power strengthen its monitoring processes to ensure eligible customers receive payments in relation to supply interruptions exceeding 12 hours within the 30 day timeframe.</p>   |                   | <p><b>Action Plan 22/2011</b></p> <p>The Customer Service team will review the processes for payments made under the Extended Outage Payment scheme and retrain relevant staff members for these processes.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>   |
| 458 | A distributor operating a relevant distribution system must provide eligible customers with information about applying for payments for failure to meet the requirements in sections 18 and 19 of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005. | Compliant – 5     | Horizon Power’s website includes appropriate information about applying for payments for failure to give required notice of planned interruption (section 18) and supply interruptions exceeding 12 hours (section 19). This information is also available on the Customer Service Charter which a copy is sent out to all new customers.   |

| No. | Obligation under Condition  | Compliance Rating | Findings  |
|-----|---|-------------------|---|
| 459 | A distributor operating a relevant distribution system must provide written notice to customers about payments for failure to meet the requirements in sections 18 and 19 of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005.  | Compliant – 5     | <p><i>Obligations 459 and 460</i></p> <p>Horizon Power’s Customer Service Charter which was last updated in September 2009, contains the information on the:</p> <ul style="list-style-type: none"> <li>• Customer’s eligibility for payments for Horizon Power’s failure to give required notice of planned interruption (section 18) and supply interruptions exceeding 12 hours (section 19)</li> <li>• Methods available to a customer to apply for payments in relation to section 18 and section 19 of the Code</li> <li>• Manner in which the customer’s application will be dealt with by Horizon Power.</li> </ul> |
| 460 | A distributor operating a relevant distribution system must provide written notice to eligible customers about payments for failure to meet the requirements in sections 18 and 19 of the Electricity Industry (Network Quality and Reliability of Supply) Code 2005 not less than once in each financial year. | Non-compliant – 2 | <p>During its 2009/10 financial year, Horizon Power had not provided written notice to eligible customers about payments for failure to give required notice of planned interruption and supply interruption exceeding 12 hours.</p> <p>This matter was duly reported in Horizon Power’s 2009/10 Compliance Report, including a planned resolution of delivering an annual Customer Notification letter to customers at the address which accounts are sent to. At the time of the fieldwork performed for this audit (June 2011), the notification had not yet been delivered.</p>   |
|     | <p><b>Recommendation 23/2011</b></p> <p>Horizon Power update its compliance timetable and ensure that it diarises and actions the requirement to provide written notice to eligible customers about payments for failure to meet the requirements in sections 18 and 19 of the Code.</p>                        |                   | <p><b>Action Plan 23/2011</b></p> <p>The Customer Service team will establish the annual distribution of this notification to customers through the invoicing process.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>  |
| 461 | A distributor or transmitter must take all such steps as are reasonably necessary to monitor the operation of its network to ensure compliance with specified requirements.   | Compliant – 5     | <p>Through discussion with Operations – Asset management staff, we understand that Horizon Power has comprehensive mechanisms in place to monitor the operation of its network to ensure compliance with the provisions of Part 2 of the Code and the record keeping requirements of the code.</p> <p>Refer also to findings detailed for obligations 446 to 453.</p>   |
| 462 | A distributor or transmitter must keep records of information regarding its compliance with specific requirements for the period specified.   | Compliant – 5     | <p>The Regulation Compliance Officer confirmed that the Network Quality data is stored on Horizon Power’s network for at least 5 years.</p>   |

| No. | Obligation under Condition  | Compliance Rating | Findings   |
|-----|---|-------------------|--|
| 465 | A distributor or transmitter must make available, at no cost, a copy of a document setting out its complaint handling processes to a small customer who makes a complaint to the distributor or transmitter or who asks to be given such information.                 | Compliant – 5     | Horizon Power’s website makes specific reference to its complaints handling process, which is available to customers at no charge. The Customer Service Charter, which is available in both hard and soft copies, also refers to its complaints handling process.  |
| 466 | A document setting out a distributor’s or transmitter’s complaint handling process must contain the specified information.  | Compliant – 5     | This obligation requires Horizon Power to inform customers of their right to refer to the electricity ombudsman a complaint that is not resolved to the customer’s satisfaction.<br>Horizon Power’s Customer Service Charter refers to customers’ rights to refer complaints to the electricity Ombudsman.   |
| 467 | A distributor or transmitter must arrange for an independent audit and report on its systems for monitoring, and its compliance with specific requirements. This is to be carried out in respect of the operation of such systems during each year ending on 30 June. | Compliant – 3     | For the year ending 30 June 2010, Horizon Power appointed Qualeng to undertake an independent audit of Horizon Power’s systems for monitoring its compliance with part 2 of the Code. However we note that the audit report did not conclude on Horizon Power’s systems for monitoring compliance with Part 2 of the Code, instead more specifically concluding that those systems are in compliance with the Code.<br>For the year ending 30 June 2010, Horizon Power prepared and published a report on the Network Quality and Reliability of Supply performance. |
|     | <p><b>Recommendation 24/2011</b></p> <p>Horizon Power require future Network Quality &amp; Reliability of Supply Code audits to specifically conclude on Horizon Power’s systems for monitoring compliance with Part 2 of the Code.</p>                               |                   | <p><b>Action Plan 24/2011</b></p> <p>Commencing from the 2011/2012 Network Quality &amp; Reliability of Supply Code audit, the audit report will be required to specifically conclude on Horizon Power’s systems for monitoring compliance with Part 2 of the Code.</p> <p><b>Responsible Person:</b> Compliance Liaison Officer<br/> <b>Accountable Person:</b> Manager Risk, Audit &amp; Governance<br/> <b>Target Date:</b> 30 June 2012</p>  |
| 468 | A distributor or transmitter must prepare and publish a report about its performance in accordance with specified requirements.   | Compliant – 5     | The 2009/10 Network Quality and Reliability of Supply Performance Report was prepared in September 2010 and was provided to the Minister and uploaded to Horizon Power’s website on 23 September 2010, meeting the 1 October deadline imposed by the Code.   |

| No. | Obligation under Condition   | Compliance Rating | Findings   |
|-----|--|-------------------|--|
| 469 | A distributor or transmitter must give a copy of its report about its performance to the Minister and the Authority within the specified period. | Non-compliant – 2 | <p>Through discussion with the Regulation Compliance Coordinator and examination of relevant emails, we confirmed that the annual performance report was sent to the Authority as well as the Minister via email on 23 September 2010.</p> <p>As the report was published on 24 September 2010, Horizon Power did not comply with this obligation as the Code requires Horizon Power to provide the report to the Minister and the Authority at least 7 days before publishing the report.</p> <p><i>Refer to findings, recommendation and action plan detailed at obligation 306 above.</i></p> |

# 5 Follow-up of previous audit action plans

As this is the third audit of Horizon Power's Licence, this audit considers how Horizon Power has progressed against the post audit implementation plan (PAIP) detailed in the 2009 Performance audit report. Our assessment of Horizon Power's progress in implementing the action plans specified in the PAIP is provided below in both a summarised and detailed follow-up format.

## 5.1 Horizon Power's arrangements for monitoring progress with the PAIP

- Horizon Power utilises the CURA program to monitor compliance with its licence obligations, including progress with previous audit's action plans
- Action plans for each recommendation from the previous EIRL performance audit reports are recorded in CURA
- The Regulation Compliance Coordinator is responsible for monitoring compliance with regulatory imposed obligations, including progress with the PAIP
- Designated managers are responsible for managing and reporting progress with action plans
- CURA produces detailed (written notes) and summary (e.g. % completion) reports of progress achieved.

## 5.2 Summary of PAIP progress

The period subject to audit is 1 October 2009 to 31 March 2011. For the purposes of our consideration of Horizon Power's progress with the previous audit's Post Audit Implementation Plan, we have considered relevant action taken by Horizon Power up to 31 March 2011.

The status descriptions used in our assessment are:

| Rating      | Description  |
|-------------|--|
| Complete    | The action plan identified in the PAIP has been completed  |
| In progress | The action plan identified in the PAIP has been initiated and further action is planned for the PAIP to be completed   |
| Outstanding | The action plan identified in the PAIP has not been addressed and no specific action has been planned for the PAIP to be completed   |
| Closed out  | Where the action plan identified in the PAIP is no longer relevant to Horizon Power's operations and Horizon Power has made a decision not to pursue the action plan, or the action plan does not otherwise address the recommendation/issue raised in the previous EIRL performance audit report. |

The summary table below shows a total of 20 of the 29 action plans included in the 2009 performance audit report are assessed to have been either Completed or Closed out. For the remaining nine action plans, eight are assessed to be In progress and one assessed to be Outstanding, each of which have revised action plans for addressing the relevant issue.

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*This report is intended solely for the use of Horizon Power for the purpose of its reporting requirements under section 13 of the Act. We do not accept or assume responsibility to anyone other than Horizon Power for our work, for this report, or for any reliance which may be placed on this report by any third party for any other purpose.*

|  | Status    |            |             |             |
|--|-----------|------------|-------------|-------------|
|  | Complete  | Closed out | In progress | Outstanding |
| <b>2009 EIRL Performance Audit Recommendations</b> |           |            |             |             |
| 1  |           |            | ✓           |             |
| 2  | ✓         |            |             |             |
| 3  | ✓         |            |             |             |
| 4  |           |            |             | ✓           |
| 5  |           |            | ✓           |             |
| 6  |           |            | ✓           |             |
| 7  | ✓         |            |             |             |
| 8  | ✓         |            |             |             |
| 9  | ✓         |            |             |             |
| 10   | ✓         |            |             |             |
| 11   |           |            | ✓           |             |
| 12   | ✓         |            |             |             |
| 13   | ✓         |            |             |             |
| 14   | ✓         |            |             |             |
| 15   | ✓         |            |             |             |
| 16   | ✓         |            |             |             |
| 17   | ✓         |            |             |             |
| 18   |           |            | ✓           |             |
| 19   | ✓         |            |             |             |
| 20   | ✓         |            |             |             |
| 21   |           |            | ✓           |             |
| 22   |           |            | ✓           |             |
| 23   |           | ✓          |             |             |
| 24   | ✓         |            |             |             |
| 25   | ✓         |            |             |             |
| <b>2008 EIRL Performance Audit Recommendations</b> |           |            |             |             |
| 1  |           |            | ✓           |             |
| 2  |           | ✓          |             |             |
| 3  | ✓         |            |             |             |
| 4  | ✓         |            |             |             |
| <b>Total</b>                                       | <b>18</b> | <b>2</b>   | <b>8</b>    | <b>1</b>    |

\* Number in brackets depicts the new obligations number as per the July 2010 Electricity Compliance Reporting Manual, if different from the superseded manual.

| Rec. No | Ref.*        | Recommendation   | Previous Audit Action Plan  | Status  | Revised action plan (if applicable) |
|---------|--------------|--|---|---|-------------------------------------|
| 1       | 216<br>(221) | Horizon Power:<br>(a) Require field staff to record the time of the disconnection<br>(b) Formally communicate to all field staff the importance of performing disconnections in the times designated by the Code and of recording the time of disconnection. A specific disconnection policy and/or procedure could be developed for this purpose. | (a) Include these requirements in an agreed written contract management document between Horizon Power and AMRS and monitor and report monthly<br><br>(b) Formally advise all contractors involved in these works of the requirements, and regularly review at monthly meetings. Record any breaches of these requirements at the time of Service order completion and review at monthly meetings.<br><br><b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>30 April 2010 | <b>In progress</b><br>(a) At the time of audit, Horizon Power was negotiating with AMRS the revised terms of the service standard contract.<br>(b) AMRS was advised of requirements for:<br><ul style="list-style-type: none"> <li>• Not performing disconnections outside of requirements of the Code</li> <li>• Detailing disconnection timing on Service Orders.</li> </ul> Our sample testing of disconnections indicated that documentation of disconnection times was patchy. | <i>Refer to Action Plan 1/2011.</i> |
| 2       | 228          | To demonstrate full compliance with this Type 1 compliance obligation, Horizon Power consider implementing a regular (e.g. quarterly) report of customers who have moved from prepayment meters to credit meters due to life support system requirements.  | Metering and Billing Services to develop a:<br><ul style="list-style-type: none"> <li>• Register of requests to change from a prepayment meter to a credit meter for any reason</li> <li>• Quarterly summarised report of types of change requests.</li> </ul> <b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>30 April 2010  | <b>Complete</b><br>Horizon Power has developed a register to record requests to change from a prepayment meter to a credit meter. Summary reports are maintained in excel spreadsheets.   | N/A                                 |

| Rec. No | Ref.*     | Recommendation   | Previous Audit Action Plan   | Status  | Revised action plan (if applicable)  |
|---------|-----------|--|--|---|--|
| 3       | 75        | <p>Horizon Power formalise its procedures for:</p> <ul style="list-style-type: none"> <li>Ensuring that staff consistently record the respective dates of customer application for connection, agreements with customers, connection completion and inspection</li> <li>Monitoring customer connection timeframes, including the use of manual methods until such time as automated monitoring is possible.</li> </ul>   | <p>(a) Work practices for recording all dates relevant to connection applications to be confirmed and communicated to Metering Services staff.</p> <p>(b) A spreadsheet to be developed in which:</p> <ul style="list-style-type: none"> <li>All connections are recorded</li> <li>Details of the dates of completion, dates of agreement with customer, or dates of inspection are recorded and reported.</li> </ul> <p><b>Responsible person</b><br/>Manager Metering &amp; Billing Services</p> <p><b>Target date</b><br/>30 April 2010</p> | <p><b>Complete</b></p> <p>(a) Horizon Power has updated work practices for recording connection dates on application. This requirement has been communicated to employees responsible for processing new connections.</p> <p>(b) The Connections Officer maintains a spreadsheet outlining timing requirements, which is monitored and followed-up.</p> <p>Sample testing of new connections has indicated that Horizon Power's processes are designed to comply with the requirements of the Regulation.</p> | N/A  |
| 4       | 97<br>113 | <p>Horizon Power:</p> <p>(a) Ensure that it fully understands the intent of the Code of Conduct's marketing related clauses, relevant to Horizon Power's activities</p> <p>(b) Identify which of its employees and ServiceWorks employees are considered to be marketing agents or marketing representatives, for the purpose of the Code of Conduct</p> <p>(c) Develop an appropriate training package that outlines the key Code requirements with which those marketing agents/representatives must comply.</p> | <p>Review activities of relevant Horizon Power employees and ServiceWorks CSRs to determine whether or not their activities fall within the auspices of Marketer or Marketing Representative and develop a training package addressing the requirements of the code suitable for the type of work being undertaken.</p> <p><b>Responsible person</b><br/>Manager Metering &amp; Billing Services</p> <p><b>Target date</b><br/>30 June 2010</p>  | <p><b>Outstanding</b></p> <p>Horizon Power has not provided training to employees and contractors outlining marketing requirements.</p>   | <p><b>Revised Action Plan 4/2009</b></p> <p>A training package will be developed to address the marketing related requirements of the Code suitable for the type of work being undertaken by Horizon Power employees and ServiceWorks CSRs.</p> <p><b>Responsible person</b><br/>Manager Customer Services</p> <p><b>Accountable person</b><br/>Manager Customer Services</p> <p><b>Target date</b><br/>31 December 2011</p> |

| Rec. No | Ref.* | Recommendation   | Previous Audit Action Plan   | Status   | Revised action plan (if applicable)  |
|---------|-------|--|--|--|--|
| 5       | 104   | <p>Horizon Power:</p> <p>(a) Pursue its commitment to improved staff awareness of the requirement for more timely forecasting and communication of supply location extensions, which impact on licence boundaries</p> <p>(b) Consider implementing a regular report which lists any system asset or supply address which falls outside licence boundaries.</p> | <p>(a) Horizon Power to update Network Extension manual to include a requirement to ensure proposed amendments to Horizon Power network is either undertaken with existing licence areas or an application to extend our licence area is completed prior to any works being undertaken.</p> <p>(b) Update Gating Process and Project Planning templates to ensure all new projects consider the extent of Horizon Power current licence area and apply for extensions as required prior to physical works being undertaken.</p> <p><b>Responsible person</b><br/>Regulation Compliance Coordinator</p> <p><b>Target date</b><br/>30 April 2010</p> | <p><b>In progress</b></p> <p>(a) The Electricity Supply &amp; Extension Manual has been:</p> <ul style="list-style-type: none"> <li>Updated and communicated to alert staff to requirements for applying for boundary changes when necessary</li> <li>Presented to the Office of Energy for review. The Manual will remain in draft form until the Office of Energy provides its response and approval.</li> </ul> <p>(b) Gating processes and project planning templates have been updated.</p> | <p><b>Revised Action Plan 5/2009</b></p> <p>The draft Electricity Supply &amp; Extension manual will be finalised upon response from the Office of Energy.</p> <p><b>Responsible person</b><br/>Manager Asset and Works Management</p> <p><b>Accountable person</b><br/>Manager Asset and Works Management</p> <p><b>Target date</b><br/>Within one month of response from the Office of Energy.</p> |

| Rec. No | Ref.*  | Recommendation   | Previous Audit Action Plan   | Status   | Revised action plan (if applicable)  |
|---------|--|--|--|--|--|
| 6       | 142<br>(144)<br>168<br>(170)<br>174<br>(176)<br>175<br>(177)<br>191<br>(194)<br>211<br>(216)<br>212<br>(217)<br>221<br>(226) | Horizon Power:<br>(a) Investigate the feasibility of implementing an exception reporting and monitoring regime, particularly for obligations where a time frame is prescribed<br>(b) Refine its existing repertoire of standard reports to allow for better monitoring of its business operations. | (a) Develop a suite of exception and management reports to monitor compliance with all obligations listed above<br>(b) Reports to be generated monthly<br>(c) Review both exceptions and monthly reports and develop responses to ensure compliance and any breaches are fixed and procedures developed to ensure breaches are not repeated.<br><br><b>Responsible person</b><br>Manager Metering & Billing Services<br><br><b>Target date</b><br>30 June 2010 | <b>In progress</b><br>Horizon Power:<br><ul style="list-style-type: none"> <li>Determined that the Velocity system was not effectively able to provide the necessary exception and management reports</li> <li>In its planned implementation of the new metering database mDATA21, which is due to be implemented in August 2011, considered the need for effective exception and management reports to monitor compliance with the various requirements of the Code.</li> </ul> <p>Note that this issue and related action plan also relates to <i>obligations 188</i> and <i>221</i> which were not included in the issue included in the 2009 performance audit report.</p> | <b>Revised Action Plan 6/2009</b><br>As a key element of its implementation of mDATA21, Horizon Power will implement exception and management reports specifically designed to monitor compliance with the various requirements of the Code.<br><br><b>Responsible person</b><br>Manager Customer Services<br><br><b>Accountable person</b><br>Manager Customer Services<br><br><b>Target date</b><br>31 December 2011 |
| 7       | 151  | In accordance with the Authority's advice, Horizon Power amend its bill template to include the National Interpreter Symbol together with the words "Interpreter Services".  | Bill template changes required to be fully implemented.<br><br><b>Responsible person</b><br>Manager Metering & Billing Services<br><br><b>Target date</b><br>30 April 2010   | <b>Complete</b><br>Horizon Power's billing template has been updated to include the National Interpreter symbol and the words "interpreter services".  | N/A  |

| Rec. No | Ref.* | Recommendation   | Previous Audit Action Plan   | Status  | Revised action plan (if applicable) |
|---------|-------|--|--|---|-------------------------------------|
| 8       | 157   | <p>Horizon Power amend its:</p> <ul style="list-style-type: none"> <li>Estimated bill template to advise customers of their right to query Horizon Power for information on the reasons for the estimation and the basis of the estimation</li> <li>Standard form contract to stipulate customers' rights to information on estimation.</li> </ul>   | <p>(a) Bill template changes required to be fully implemented</p> <p>(b) A full review of the standard form contract in line with the Authority's requirements for the review and changes to the standard form contract to be completed and compliance ensured.</p> <p><b>Responsible person</b><br/>Manager Metering &amp; Billing Services</p> <p><b>Target date</b><br/>30 April 2010</p> | <p><b>Complete</b></p> <p>(a) Horizon Power has updated its estimated bill template to comply with s.4.8(2) of the Code</p> <p>(b) Horizon Power conducted a review of its standard form contract and determined that no additional revisions were required to meet the Code requirements.</p>  | N/A                                 |
| 9       | 164   | <p>Horizon Power amend its procedures to ensure that in instances where a tariff change is recognised within two business days of the commencement of the customer's next billing cycle, either:</p> <ul style="list-style-type: none"> <li>Horizon Power makes alternative arrangements to ensure the customer receives the written notice prior to the commencement of the next billing cycle, or</li> <li>The tariff change is not effected until the following billing cycle.</li> </ul> | <p>Tariff change procedures to be reviewed by Horizon Power and ServiceWorks to ensure all customers receive the full notice required.</p> <p><b>Responsible person</b><br/>Manager Metering &amp; Billing Services</p> <p><b>Target date</b><br/>30 April 2010</p>  | <p><b>Complete</b></p> <p>Horizon Power's tariff change procedures now require the following:</p> <ul style="list-style-type: none"> <li>If a request comes from a customer, the tariff is changed from last actual read date</li> <li>If identified by Horizon Power that the tariff was established in error, tariff adjustments will be calculated back twelve months and the customer billed and advised in writing</li> <li>If the tariff change is as a result of a change in status (e.g. residential to small business), then the customer is advised in writing prior to the commencement of the new tariff, as part of the annual L2 to L4 Transition or other tariff change events.</li> </ul> | N/A                                 |

| Rec. No | Ref.*     | Recommendation  | Previous Audit Action Plan  | Status   | Revised action plan (if applicable)  |
|---------|-----------|---|---|--|--|
| 10      | 178       | Horizon Power ensure that the ServiceWorks contract includes the requirements for ServiceWorks to comply with the EFT Code of Conduct.  | Review procedures of the business in regard to EFT payments and ensure the requirements of the EFT Code are included in the contract requirements, reported and monitored.<br><b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>30 April 2010   | <b>Complete</b><br>After review of EFT Code of Conduct requirements, Horizon Power determined that it relies on its bank, rather than ServiceWorks to maintain compliance.<br>Horizon Power has obtained confirmation from the Commonwealth Bank as to its compliance with the EFT Code of Conduct.  | N/A  |
| 11      | 185 (188) | Horizon Power: <ul style="list-style-type: none"> <li>Confirm the effectiveness of its arrangements with AMRS for performing final meter reads</li> <li>Investigate the practicalities of implementing additional mechanisms for ensuring that customers are not overcharged for electricity consumed.</li> </ul> | (a) Review final read procedures and move in read procedures and consult widely within operations and field services contractors to ensure solutions to ensure compliance with clause 5.7(1) of the Code are manageable and cost effective<br>(b) Discuss with AMRS a change in contract terms from 5 days to 3 days.<br><b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>30 June 2010 | <b>In progress</b><br>(a) Horizon Power processes now require staff to arrange final read times up front with the customer. However, Horizon Power has not yet implemented a monitoring regime to ensure compliance s.5.7(1) of the Code.<br>Note that Horizon Power is currently investigating the implementation of advanced metering to facilitate this process.<br>(b) Horizon Power has advised AMRS of the requirement to ensure final reads are made within 3 business days, however the formal contractual arrangements have not been finalised. | <b>Revised Action Plan 11/2009</b><br>Horizon Power will:<br>(a) Change the contract requirements for the time frames for special meter reads to 3 days in all cases and across the Horizon Power Service Area<br>(b) Finalise negotiations of the AMRS contract, including specific reference to the requirements of s.5.7(1) of the Code.<br><b>Responsible person</b><br>Manager Customer Services<br><b>Accountable person</b><br>Manager Customer Services<br><b>Target date</b><br>30 September 2011 |

| Rec. No | Ref.* | Recommendation  | Previous Audit Action Plan  | Status  | Revised action plan (if applicable) |
|---------|-------|---|---|---|-------------------------------------|
| 12      | 189   | Horizon Power finalise its debt recovery process and procedures.  | <p>(a) Reporting to be developed to ensure the accuracy of the outstanding debt data files</p> <p>(b) Transfer of these files to the D&amp;B collections agency to be restarted</p> <p>(c) Prior to the transfer of files to D&amp;B, data sets will be checked to ensure Horizon Power is compliant with the requirements of clause 5.8(2) of the Code.</p> <p><b>Responsible person</b><br/>Manager Metering &amp; Billing Services</p> <p><b>Target date</b><br/>30 April 2010</p> | <p><b>Complete</b></p> <p>(a) Automated processes are in place for the production of an outstanding debt data file</p> <p>(b) Horizon Power recommenced debt collection activity in 2010, including the transfer of files to D&amp;B</p> <p>(c) Automated processes are in place for the production of the data file, and are subject to review for compliance with the Code.</p> | N/A                                 |
| 13      | 190   | Horizon Power investigate and in conjunction with the vendor, rectify the matter in relation to the generation of the outstanding debt data file. | <p>(a) Reporting to be developed to ensure the accuracy of the outstanding debt data files</p> <p>(b) Transfer of these files to the D&amp;B collections agency to be restarted</p> <p>(c) Prior to the transfer of files to D&amp;B, data sets will be checked to ensure Horizon Power is compliant with the requirements of clause 5.8(3) of the Code.</p> <p><b>Responsible person</b><br/>Manager Metering &amp; Billing Services</p> <p><b>Target date</b><br/>30 April 2010</p> | <p><b>Complete</b></p> <p>(a) Automated processes are in place for the production of an outstanding debt data file</p> <p>(b) Horizon Power recommenced debt collection activity in 2010, including the transfer of files to D&amp;B</p> <p>(c) Automated processes are in place for the production of the data file, and are subject to review for compliance with the Code.</p> | N/A                                 |

| Rec. No | Ref.* | Recommendation  | Previous Audit Action Plan  | Status   | Revised action plan (if applicable) |
|---------|-------|---|---|--|-------------------------------------|
| 14      | 211   | Horizon Power revise its disconnection warning letter to ensure compliance with the Code.   | Horizon Power to revise standard form letter to comply with wording in Code.<br><b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>30 April 2010   | <b>Complete</b><br>Horizon Power's reminder notice and disconnection warning templates have been revised to comply with s.7.1(1) of the Code.                            | N/A                                 |
| 15      | 224   | Horizon Power address the reliability of the Velocity pre-payment meter listing.            | A single controlled and managed Velocity pre-payment meter list to be developed and reported monthly to the Manager Metering & Billing Services.<br><b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>30 April 2010 | <b>Complete</b><br>A prepayment meter spreadsheet has been developed, is maintained within Velocity and is reported to the Manager Customer Services on a monthly basis. | N/A                                 |
| 16      | 263   | Horizon Power replace the online Customer Service Charter with the latest approved version. | The latest approved Customer Service Charter to be placed on the website.<br><b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>Completed 7 December 2009  | <b>Complete</b><br>Horizon Power's website current Customer Service Charter is now available to customers on its website.  | N/A                                 |

| Rec. No | Ref.*             | Recommendation  | Previous Audit Action Plan  | Status  | Revised action plan (if applicable) |
|---------|-------------------|---|---|---|-------------------------------------|
| 17      | 267<br>268<br>270 | <p>Horizon Power:</p> <p>(a) Strengthen its customer complaints handling process by ensuring:</p> <ul style="list-style-type: none"> <li>CSRs and all staff in a position to receive customer complaints are fully trained in the requirements to recognise, respond to and record customer complaints</li> <li>The Velocity system enables all required details of complaints to be reported and monitored, particularly acknowledgement and response details.</li> </ul> <p>(b) Review and update its Complaints Policy and Complaints Management Procedures.</p> | <p>A full review of the complaints definitions, recording, handling, escalation and reporting to be undertaken and processes and procedures developed to ensure all complaints are recorded, dealt with and reported in accordance with requirements.</p> <p>This review will specifically address:</p> <ul style="list-style-type: none"> <li>Employee and third party service provider training requirements</li> <li>System capabilities</li> <li>Policies and procedures.</li> </ul> <p><b>Responsible person</b><br/>Manager Metering &amp; Billing Services</p> <p><b>Target date</b><br/>30 April 2010</p> | <p><b>Complete</b></p> <p>Horizon Power's complaints handling process was reviewed and amended in early 2010.</p> <p>All existing Customer Service Representatives were trained on the updated process in February 2010. Customer complaints handling processes are now included in training materials.</p> <p>All complaints received by the Customer Service Representatives are recorded in Velocity. Complaints received via the Ombudsman are recorded and managed by the Team Leader – Customer Service. Complaints recorded by the call centre are reviewed internally on a weekly basis and by the Manager Customer Services on a monthly basis.</p> <p>Subsequent to the examination of Horizon Power's close out of the related section 32 item (performed by Deloitte in December 2010), Horizon Power further updated its complaint handling process.</p> <p>Horizon Power is currently considering further modifications to Velocity to create system alerts and warnings that would assist in improving compliance with the Code.</p> | N/A                                 |

| Rec. No | Ref.*   | Recommendation  | Previous Audit Action Plan   | Status  | Revised action plan (if applicable)         |
|---------|---|---|--|---|---|
| 18      | 273 - 277 (288 - 292) 280 (295) 281 (296) 283 - 285 (299 - 301) 287 (303) | Horizon Power:<br>(a) Pursue the necessary improvements to the reporting capability of Velocity for the reporting of indicators required by the Code<br>(b) Establish a timeframe for completion of those improvements.   | In conjunction with Gentrack (with reference to the Gentrack “Solution Document for ERA Reports”), develop a suite of exception and management reports to ensure compliance with all obligations listed above.<br><b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>30 June 2010 | <b>In progress</b><br>This post audit action plan has not been completed as Horizon Power:<br><ul style="list-style-type: none"> <li>Determined that the Velocity system was not effectively able to provide the necessary exception and management reports</li> <li>Elected to replace the MBS system with an in-house metering database.</li> </ul> The new metering database, mDATA21, which is due to be implemented in August 2011, is expected to specifically address this action plan through the implementation of reports designed to monitor compliance. | <i>Refer to Revised Action Plan 6/2009.</i> |
| 19      | 289 451   | Horizon Power’s compliance reporting procedures be strengthened to ensure that for each of its requirements and associated deadlines:<br><ul style="list-style-type: none"> <li>The responsible officer and accountable officer (assigned and recorded in the CURA system) fully understand their regulatory responsibilities</li> <li>Completion of required actions is evidenced by the accountable officer.</li> </ul> | Update CURA to ensure task of uploading reports included in Regulation Compliance Coordinator list of requirements.<br><b>Responsible person</b><br>Regulation Compliance Coordinator<br><b>Target date</b><br>30 June 2010  | <b>Complete</b><br>CURA has been updated to ensure a task exists for the Regulation Compliance Coordinator to upload reports within the specified timeframe.  | N/A   |

| Rec. No | Ref.*  | Recommendation   | Previous Audit Action Plan   | Status   | Revised action plan (if applicable)  |
|---------|--|--|--|--|--------------------------------------|
| 20      | 294<br>296   | Horizon Power amend its Customer Complaint Procedure and Customer Service Charter to refer to customers' rights to a service standard payment if they make a request within three months of any breach of a response target.   | The Customer Complaint Procedure and Customer Service Charter to be amended to refer to customers' rights to a service standard payment if they make a request within three months of any breach of a response target.<br><b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>30 June 2010   | <b>Complete</b><br>Amendments have been made to the Customer Complaint procedure and Customer Service Charter to refer to the customer's rights to a service standard payment within the specified timeframe.  | N/A                                  |
| 21      | 302 (319)<br>307 (324)<br>310 (327)<br>313 (330)<br>314 (331)<br>415 (432) | Horizon Power:<br>(a) Formally notify the Authority of its plans to ensure that its meters meet the requirements of the metrology procedure<br>(b) Document a plan that outlines key milestones and target dates for achievement<br>(c) Provide the Authority with the results of all testing conducted in line with its Metering Management Plan. | (a) The meter management plan and the meter test plan including milestones and target dates to be forwarded to the Authority upon completion<br>(b) Preliminary results of testing to be reported as soon as results from statistical sampling suggest a clear trend and by no later than 31 December 2010.<br><b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>(a) 30 April 2010<br>(b) 31 December 2010 | <b>In progress</b><br>(a) Horizon Power has developed and implemented its meter management plan and meter test plan, including timeframes for reporting to the Authority<br>(b) As at 31 March 2011, Horizon Power had replaced approximately half of the meters required for sample testing with new meters. Once testing has been completed, the results are to be analysed and reported to both the Authority and the Office of Energy. | <i>Refer to Action Plan 17/2011.</i> |

| Rec. No | Ref.*     | Recommendation  | Previous Audit Action Plan  | Status  | Revised action plan (if applicable)         |
|---------|-----------|---|---|---|---|
| 22      | 317 (334) | <p>Horizon Power:</p> <ul style="list-style-type: none"> <li>Utilise available MBS records of meter replacements to monitor the number and percentage of meters which permit collection of data in accordance with the availability requirements of the Metering Code</li> <li>Identify and action any need to improve the levels of meter availability.</li> </ul> | <p>In order to meet the requirements of Clause 3.11(1) of the Metering Code, a monthly procedure to be implemented for:</p> <ul style="list-style-type: none"> <li>Reporting meters requiring replacement due to being found to be faulty</li> <li>Calculating the resulting 12 monthly rolling average of the percentage of meters permitting the collection of data</li> <li>Identifying any need for further action.</li> </ul> <p><b>Responsible person</b><br/>Manager Metering &amp; Billing Services</p> <p><b>Target date</b><br/>30 April 2010</p> | <p><b>In progress</b></p> <p>The implementation of a monthly procedure has been considered in the planned implementation of the new metering database mDATA21, which is due to be implemented in August 2011. mDATA21 is expected to assist Horizon Power in monitoring its compliance with the requirements of Clause 3.11(1) of the Metering Code as meter readers will be able to select “damaged screen” or “cannot read” in the handheld device.</p> | <p><i>Refer to Action Plan 17/2011.</i></p> |
| 23      | 336       | <p>(a) Implement its meter testing plan to assess the time accuracy of its meters</p> <p>(b) Where necessary, implement corrective action to ensure the time accuracy of its meters.</p>  | <p>The meter testing plan will be implemented and where necessary, corrective action will be implemented to ensure meters’ time accuracy.</p> <p><b>Responsible person</b><br/>Manager Metering &amp; Billing Services</p> <p><b>Target date</b><br/>31 July 2010</p>   | <p><b>Closed out</b></p> <p>We note that time accuracy requirements only apply to type 1 to type 5 installations and that Horizon Power’s type 1 to 5 meters are read electronically by MV90 for interval data collection. MV90 sets the time and date each time requests data from the interval meter. Horizon Power’s meter testing plan does not specifically refer to time accuracy requirements.</p>   | <p>N/A</p>                                  |

| Rec. No  | Ref.*         | Recommendation  | Previous Audit Action Plan   | Status  | Revised action plan (if applicable)        |
|--|---------------|---|--|---|--|
| 24   | 361           | Horizon Power monitor the upload of information to ensure time requirements are met. Where they are not met, Horizon Power should request and document reasoning from AMRS.   | Processes and procedures to be fully reviewed with AMRS and Western Power to identify the root cause of these failures to upload. Any necessary changes to procedures will be developed to ensure these issues do not reoccur.<br><b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>30 June 2010 | <b>Complete</b><br>Processes and procedures have been reviewed with AMRS and Western Power to identify the root cause of failures to upload data. The importance of compliance has been re-stated to affected parties.  | N/A  |
| 25   | 440           | Horizon Power further strengthen its service standard payment process to track payment progress and to ensure they are either made on time, or an agreement is reached with the customer for a later payment date.  | Review and change process and procedures to ensure that payments are made within the specified timeframe.<br><b>Responsible person</b><br>Manager Metering & Billing Services<br><b>Target date</b><br>30 April 2010   | <b>Complete</b><br>A review of the processes and procedures around Horizon Power's Extended Outage Payment Scheme has resulted in changes to ensure payments are made within the required timeframe.  | N/A  |
| <b>2008 EIRL Performance Audit Recommendations</b> |               |   |  |   |  |
| 14, 15, 16   | 72 - 74<br>92 | <b>14/08</b> Policies and procedures should be developed, reviewed and approved in relation to the requirements under obligation 72.<br><b>15/08</b> The Network connection and Extension Manual should be approved.<br><b>46/08</b> Horizon Power should document and approve the Generation and Network extension and expansion policies. | <b>Action Plan 1/08</b><br>Finalise and communicate Electricity Supply and Extension Manual.<br><b>Responsible person</b><br>Manager Asset Strategy and Capability<br><b>Target date</b><br>31 July 2010   | <b>In progress</b><br>The Electricity Supply & Extension Manual has been:<br><ul style="list-style-type: none"> <li>Updated and communicated to staff</li> <li>Presented to the Office of Energy for review.</li> </ul> The Manual will remain in draft form until the Office of Energy provides its response and approval. | <i>Refer to revised Action Plan 5/2009</i> |

| Rec. No    | Ref.*  | Recommendation   | Previous Audit Action Plan   | Status   | Revised action plan (if applicable) |
|------------|--|--|--|--|-------------------------------------|
| 17, 18     | 76, 77   | <p>Horizon Power should document policies and procedures that clearly specify obligation 76 and 77.</p> <p>Energisation should be completed within the timeframe stipulated under clause 77. If not, supporting evidence that the customer was contacted or reason for late energisation should be documented.</p> <p>Data regarding energisation of customers should be retained for completeness, audit procedures and future reference.</p>   | <p><b>Action Plan 2/08</b><br/>Procedures will be documented for using the proposed spreadsheets for managing connection and energisation requirements.</p> <p><b>Responsible person</b><br/>Manager Metering &amp; Billing Services</p> <p><b>Target date</b><br/>31 May 2010</p>                     | <p><b>Closed out</b><br/>Horizon Power has determined that the spreadsheets used to manage connection and energisation provide suitable guidance on the procedures to be followed.</p> <p>The planned implementation of the new metering database mDATA21 is also expected to provide clear guidance on the procedures to be followed.</p> | N/A                                 |
| 52, 53, 54 | Clauses:<br>14.1<br>14.2<br>15.2<br>15.3<br>15.4<br>16.1 | <p><b>52/08</b> Documented and approved procedures should be developed for amendments of the standard form contract. These should reflect the requirements outlined within Clause 14 'Amending the Standard Form Contract' of the Integrated Regional Licence (EIRL2).</p> <p><b>53/08</b> We recommend that Horizon Power develop and approve policies and procedures to cover the process for reviewing, updating and approving changes made to the Customer Service Charter.</p> <p><b>54/08</b> We recommend that Horizon Power develop policies and procedures for amending the Customer Service charter.</p> | <p><b>Action Plan 3/08</b><br/>Horizon Power to ensure tasks are appropriately entered into CURA and include a reference to ensure external reviews are undertaken as required.</p> <p><b>Responsible person</b><br/>Regulation Compliance Coordinator</p> <p><b>Target date</b><br/>30 April 2010</p> | <p><b>Complete</b><br/>Relevant tasks have been entered into CURA, including appropriate information for external reviews to be conducted.</p>   | N/A                                 |

| Rec. No | Ref.*        | Recommendation   | Previous Audit Action Plan   | Status  | Revised action plan (if applicable) |
|---------|--------------|--|--|---|-------------------------------------|
| 61      | Clause: 28.1 | <p>Horizon Power should create a checklist that is to be completed on a periodic basis to consider the going concern status of the company and document any changes in circumstances.</p> <p>Notices should be recorded, tracked and reported. All notices provided to the Authority of changes in circumstances should be documented in writing and retained for record keeping purposes. A formal policy should be documented and approved for the process of notification to the Authority.</p> | <p><b>Action Plan 4/08</b></p> <p>Horizon Power's Crisis Management Plan will be updated to include a requirement for the Governance &amp; Company Secretariat division to advise the Authority within 2 days and 10 days respectively in the event Horizon Power becomes insolvent or is unable to meet the requirements of its licence by virtue of a technical or financial change of circumstances.</p> <p><b>Responsible person</b><br/>Manager Governance and Compliance</p> <p><b>Target date</b><br/>31 May 2010</p> | <p><b>Complete</b></p> <p>Horizon Power's Crisis Management Plan has been updated to reflect the obligation requirements.</p> | N/A                                 |

# Appendix 1 – Audit Plan

# Appendix 2 – References

## Key Horizon Power staff participating in the audit

| Name  | Position  |
|---|---|
| • Craig Young                                     | Manager Risk, Audit and Governance                      |
| • Alana Davies                                    | A/Manager Regulation and Compliance                     |
| • Frank Buttigieg                                 | Regulation Compliance Coordinator                       |
| • Greg Will                                       | Manager Customer Services                               |
| • Kate Walker                                     | Team Leader – Customer Service                          |
| • Nyssa Saxby-Walsh                               | Team Leader – Metering Services                         |
| • Ashley Dixon                                    | Marketing Manager                                       |
| • Bill Bignell                                    | Asset Strategy Manager                                  |
| • Sam Sinclair                                    | Metering Services Officer                               |
| • Stephanie Notaro                                | Connections Officer                                     |
| • Tara Smith                                      | Business Services Officer                               |
| • Layton Baker                                    | District Business Manager (Esperance)                   |
| • Rachel Clarke                                   | Customer and Community Relationship Manager (Esperance) |
| • Terry Shadforth                                 | Metering Field Services & Community Officer             |
| • Terry Absolon                                   | Metering Services Analyst                               |
| • Robert Kerrigan                                 | Strategy Engineer                                       |
| <b>Representatives from related organisations</b> |   |
| • ServiceWorks Operations Team Leader             |   |
| • ServiceWorks Call Centre Team Leader            |   |
| • Western Power IT Commercial Manager             |   |

## Deloitte staff participating in the audit

| Name             | Position                                    | Hours |
|------------------|---|-------|
| • Richard Thomas | Partner                                     | 17    |
| • Andrew Baldwin | Account Director                            | 152   |
| • Jin Sua        | Senior Analyst                              | 176   |
| • Ben Fountain   | Senior Analyst                              | 248   |
| • Mike Genever   | Analyst                                     | 59    |
| • Don Gillespie  | Account Director (Quality Assurance Review) | 4     |
| • Matt Thomson   | Partner (Quality Assurance Review)          | 2     |

## Key Documents and other information sources examined

- Register of customers requiring life support equipment
- Life Support register procedures
- Financial hardship policy
- Financial hardship guideline
- The Authority’s Financial Hardship Policy Guidelines August 2010
- Billing and collection policy
- Credit management and debt collection policy
- Credit management and debt collection procedure
- Complaints Comprehensive Guide
- Complaints Process
- Customer complaints data, including ombudsman complaints
- Customer Charter

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*This report is intended solely for the use of Horizon Power for the purpose of its reporting requirements under section 13 of the Act. We do not accept or assume responsibility to anyone other than Horizon Power for our work, for this report, or for any reliance which may be placed on this report by any third party for any other purpose.*

- Compliance report August 2010
- Renewable energy scheme terms and conditions
- Example of REBS in Velocity
- Extended outage claim form
- Representations from Manager Customer Services
- Representations from Regulation Compliance Coordinator
- Representations from Land and Approvals Coordinator
- Representations from Team Leader – Metering Services
- Representations from Team Leader – Billing Services
- Representations from General Manager Finance
- Representations from Metering Services Analyst
- Approval of external auditor for AMS review
- Approval of external auditor for performance audit
- Example of ERA invoice
- Approval of Qualeng asset management audit plan
- Qualeng Network Quality and Reliability of Supply Audit Report 2009/2010
- Network Quality and Reliability of Supply Performance Report 2009/2010
- Code of Conduct Performance Report 2009/2010
- Pre-payment meter information pack
- Ready Power account establishing form
- ServiceWorks contract
- ServiceWorks scripts and work instructions for various process
- Register of contract request
- Metrology procedure
- Metering management plan
- Supply extension scheme work type
- Generic full type work cost manual
- Fixed price work cost manual
- Credit management process
- No access disconnections process
- Network service requests process
- Tariff application process
- Examples of overdue bill and estimated bills
- HUGS reporting process
- Examples of customer bills
- Unbilled installations report
- Billing validation exceptions
- Customer refund and unclaimed monies process
- Final account management process
- Service level contract with AMRS
- Notice for increase in tariffs
- Alternative tariff review report
- Customer funded process maps
- Metering services strategy
- Electricity supply and extension policy
- Metering cards example
- Example of reminder notice
- Annual report: Email to Authority
- Email from Dunn & Bradstreet re compliance with ACCC
- Network power quality investigation handbook
- Emergency Plan – Cyclone, Storm and Flood Plan
- West Kimberley Contingency Plan
- West Kimberley Feeder Restoration Sequence.

# Appendix 3 – Post Audit Implementation Plan

## 2011 Audit

|   |  |
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| <p><b>Issue 1/2011</b></p> <p><b>Obligation 221 - Code of Conduct clause 4.1</b></p> <p>Horizon Power's standard business practices are designed for disconnections not to be performed on Fridays, after midday on other business days, Saturdays, Sundays, public holidays or business days before a public holiday (the Code specifies that disconnections must not be arranged for after 12pm on Fridays or after 3pm on other business days).</p> <p>Our sample testing of 30 disconnections performed during the period 1 October 2009 to 31 March 2011 identified the following:</p> <ul style="list-style-type: none"> <li>• For 11 disconnections, the time of disconnection was not recorded. In such cases, it is difficult for Horizon Power to demonstrate that disconnection timing requirements have been met</li> <li>• For 7 of the 19 disconnections for which the time of disconnection was recorded, the time was recorded as being after midday. These instances indicate disconnections have either been effected outside of Horizon Power's standard business practices, or the disconnection times have been incorrectly recorded.</li> </ul> <p>Our examination of customer complaints received during the period 1 October 2009 to 31 March 2011 did not identify any complaints relating to disconnections being performed outside of the Code's requirements. The 2009 performance audit included action plans for this matter to be addressed with Horizon Power's contractor, AMRS, and specifically to include the requirement to record the time of disconnection in an agreed written contract management document. At the time of this audit, Horizon Power had not finalised contractual negotiations with AMRS outlining service standard requirements that are aligned to the Code. We also note that:</p> <ul style="list-style-type: none"> <li>• Horizon Power has not implemented an exception reporting regime to monitor compliance with s.7.6 of the Code</li> <li>• It appears that Metering Services staff have not been trained on Code requirements.</li> </ul> |  |
| <p><b>Recommendation 1/2011</b></p> <p>Horizon Power:</p> <ol style="list-style-type: none"> <li>Finalise the AMRS contract and communicate the requirements of the contract to the applicable personnel to ensure effective management of its terms</li> <li>Update its disconnection procedures to: <ul style="list-style-type: none"> <li>• Ensure that all service orders include a date and time of disconnection and are accurately entered into MBS</li> <li>• Implement an escalation process for instances of suspected breach (e.g. monitoring spreadsheet and reporting to Team Leader – Metering Services).</li> </ul> </li> <li>Consider updating the service order with the requirements of the Code so AMRS is aware at all times of service requirements</li> <li>Provide training to Metering Services staff outlining the requirements of s.7.6 of the Code.</li> </ol>   | <p><b>ActionPlan 1/2011</b></p> <ol style="list-style-type: none"> <li>The AMRS contract is to be signed by 30 June 2011</li> <li>The procedure for closing de-energisation service orders has now been updated to require: <ul style="list-style-type: none"> <li>• All service orders with missing time and date stamp to be returned to the meter reading contractor for completion. The time and date is then entered in MBS</li> <li>• Breaches to be escalated to the Field Services and Metering Co-ordinator.</li> </ul> </li> <li>As the inclusion of Code requirements in the service order is not possible with MBS, it will be considered for inclusion in mData21 (MBS Replacement)</li> <li>Further training of Metering Services staff will be provided.</li> </ol> <p><b>Responsible Person:</b> Field Services and Metering Coordinator</p> <p><b>Accountable person:</b> Manager Customer Services</p> <p><b>Target date:</b> 31 July 2011</p> |

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| <p><b>Issue 2/2011</b></p> <p><b>Obligation 237 - Code of Conduct clause 9.6(1)</b></p> <p>Horizon Power’s business practices require Horizon Power staff to enquire whether pre-payment meter customers require life support equipment and to record such instances on the Account Establishment form (used when signing up new customers). As the Account Establishment form does not specifically provide for the use of life support equipment at a supply address to be recorded, there is a greater risk of the record not being made or for the enquiry not to be made.</p> <p>We acknowledge that:</p> <ul style="list-style-type: none"> <li>• Meters are installed and programmed at the same time as when the customer’s information are collected</li> <li>• If the customer has life support equipment, the meter will be programmed as a credit meter.</li> </ul> |   |
| <p><b>Recommendation 2/2011</b></p> <p>Horizon Power:</p> <p>(a) Update its Account Establishment form to record whether or not a customer at the supply address requires life support equipment</p> <p>(b) Communicate relevant changes to Horizon Power staff and ServiceWorks contractors.</p>   | <p><b>Action Plan 2/2011</b></p> <p>Horizon Power will:</p> <p>(a) Update the Account Establishment form</p> <p>(b) Communicate the change to relevant staff.</p> <p><b>Responsible Person:</b> Community Retail and Compliance Officer</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>  |
| <p><b>Issue 3/2011</b></p> <p><b>Obligation 238 - Code of Conduct clause 9.6(2)</b></p> <p>The Code requires Horizon Power to ensure the pre-payment meters are not operational for supply addresses where a customer has made a notification regarding life support equipment.</p> <p>Our examination of the priority restoration register identified one customer who was also registered as a pre-payment meter customer.</p> <p>We determined that although the customer no longer required life support equipment, the priority restoration register had not been updated to reflect this change.</p>  |   |
| <p><b>Recommendation 3/2011</b></p> <p>Horizon Power:</p> <p>(a) Strengthen its procedures for managing life support equipment register, specifically to monitor additions and removals</p> <p>(b) Regularly reconcile its priority restoration register to its pre-payment customer listing to identify any anomalies.</p>   | <p><b>Action Plan 3/2011</b></p> <p>(a) Horizon Power will develop a new procedure in conjunction with ServiceWorks to ensure that all changes to the Life Support register are properly recorded</p> <p>(b) The new procedure will include a quarterly reconciliation of the pre-payment meter list to the Life Support register.</p> <p><b>Responsible person:</b> Manager Customer Services</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p> |

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| <p><b>Issue 4/2011</b></p> <p><b>Obligation 75 - Electricity Industry (Obligations to Connect) Regulations clause 6</b></p> <p>Sample testing performed of the new connections processed during the period 1 October 2009 to 31 March 2011 did not indicate non-compliance with regulation 6 of the Obligation to Connect Regulations.</p> <p>However Horizon Power has acknowledged that in those instances where the connection is not scheduled to be completed within the 20 business day timeframe, the customer is not requested to evidence their agreement in writing, as required by sub regulation 6(2).</p>   |   |
| <p><b>Recommendation 4/2011</b></p> <p>Horizon Power implement a process for obtaining customers' written agreement with connection timing arrangements in instances where the connection is scheduled to be performed outside of the 20 business day timeframe, where such delay does not relate to a safety inspection under Energy Safety regulations.</p>  | <p><b>Action Plan 4/2011</b></p> <p>Horizon Power will extend its connection procedures to ensure customers provide written acknowledgement of any arrangements to schedule connections at a time outside of the 20 business day timeframe provided for by sub regulation 6(2). This extension of procedures will involve the receipt of a customer's signature on a written statement on the service order, (or similar).</p> <p><b>Responsible person:</b> Manager Customer Services<br/> <b>Accountable person:</b> Manager Customer Services<br/> <b>Target date:</b> 31 December 2011</p>  |
| <p><b>Issue 5/2011</b></p> <p><b>Obligation 78 - Electricity Industry (Licence Conditions) Regulations clause 6</b></p> <p>At the time of this audit, Horizon Power had placed all applications from customers to sell renewable source electricity to Horizon Power on hold in order investigate the network impact of the additional load generated from those sources.</p> <p>While such applications had not been rejected at the time of this audit, it is possible that Horizon Power finds that its network capacity will not accommodate the additional electricity generated from customer renewable sources. In that event, Horizon Power may be in a position where it cannot offer to purchase all renewable source electricity made available by customers.</p> |   |
| <p><b>Recommendation 5/2011</b></p> <p>Horizon Power:</p> <p>(a) Finalise its investigation into the extent to which its networks can accommodate the additional load generated from customer renewable sources</p> <p>(b) Liaise with the Office of Energy and the Authority for guidance in the event that its investigations find that Horizon Power cannot purchase all renewable source electricity from its customers.</p>   | <p><b>Action Plan 5/2011</b></p> <p>(a) Horizon Power will complete the reviews of its networks and develop suitable alternative feed in management system requirements that each customer will need to include in their installation once system capacity is reached</p> <p>(b) Liaison with the Office of Energy has commenced and all information will be provided when investigations are complete. Note that the Office of Energy has advised that they understand Horizon Power not to be in breach of the code where a networks technical limit has been reached and Horizon Power is not approving systems above 1.5 kW.</p> <p><b>Responsible person:</b> Compliance and Billing Support Coordinator<br/> <b>Accountable person:</b> Manager Customer Services<br/> <b>Target date:</b> 31 December 2011</p> |

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| <p><b>Issue 6/2011</b></p> <p><b>Obligation 114 - Code of Conduct clause 2.2</b></p> <p>At the time of this audit, Horizon Power’s standard form contract was located only within the business customers section of its website. This location is difficult for residential customers to find.</p> |  |
| <p><b>Recommendation 6/2011</b></p> <p>Horizon Power add a link to its standard form contract in the residential customers section of its website.</p>   | <p><b>Action Plan 6/2011</b></p> <p>As part of the current update to the Horizon Power web page, links to the standard form contract will be updated.</p> <p><b>Responsible person:</b> Manager Customer Services<br/> <b>Accountable person:</b> Manager Customer Services<br/> <b>Target date:</b> 30 September 2011</p> |

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| <p><b>Issue 7/2011</b></p> <p><b>Obligation 144 - Code of Conduct clause 4.1</b></p> <p>Although Horizon Power’s standard business practices are designed to issue customer bills on a bi-monthly basis, our examination of a sample of customer accounts and monthly unbilled installation reports indicates that:</p> <ul style="list-style-type: none"> <li>• In contravention to its system rules, the Velocity system had allowed a customer to be billed twice in one month. At the time of our audit, the reason for this contravention was not known</li> <li>• A small number of customers have not been billed at least once in a three month period. Unbilled installation reports identify accounts not billed for greater than 90 days, categorised by type/cause. Horizon Power achieved a significant reduction in such unbilled installations during the eight month period to March 2011.</li> </ul> <p>Horizon Power’s reporting and monitoring regime does not identify breaches of billing frequency requirements or accounts at risk of breach (e.g. unbilled accounts approaching 90 days).</p> |   |
| <p><b>Recommendation 7/2011</b></p> <p>Horizon Power:</p> <p>(a) Investigate and resolve the contravention to account billing frequency rules to ensure customers cannot be billed more frequently than once/month, unless agreed under s.4.2 of the Code</p> <p>(b) Update its exception reporting practices to proactively identify those accounts ‘at risk’ of breaching billing frequency requirements (e.g. a countdown report) to enable active management of Code requirements</p> <p>(c) Assign responsibility for monitoring billing timeframe compliance to an appropriate team member.</p>   | <p><b>Action Plan 7/2011</b></p> <p>(a) The contravention to account billing frequency rules has been investigated and Horizon Power has determined that:</p> <ul style="list-style-type: none"> <li>• The instance of billing the same customer twice in a month was very early in the ongoing development of the Velocity Customer Information System and the system error was corrected at that time</li> <li>• The system now includes safe guards to ensure billing more than once per month does not reoccur</li> </ul> <p>(b) ServiceWorks process and procedures will be updated to produce exception reports for unbilled accounts at 80 days to ensure compliance with this Code requirement</p> <p>(c) Consideration will be given to the viability of producing an exception report for customers billed twice in a month.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p> |

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| <p><b>Issue 8/2011</b></p> <p><b>Obligation 157 – Code of Conduct clause 4.7</b></p> <p>There were occasions during the period 1 October 2009 to 31 March 2011, where customers had not had an ‘actual’ meter read for a period of greater than 12 months.</p> <p>Horizon Power’s meter reading processes do provide for regular physical meter reads, reporting of exceptions to scheduled meter reads and special reads where required. However, an exception reporting process had not been implemented to identify installations that did not have an ‘actual read’ undertaken (i.e. actual meter read data has not been obtained) for more than 12 months, or for timeframes leading up to 12 months. Neither MBS nor Gentrack Velocity are able to produce exception reporting for customers without an actual read for 12 months.</p> <p>We understand that Horizon Power is currently developing a report to identify installations that have not had a meter read for 10 months or longer.</p> |  |
| <p><b>Recommendation 8/2011</b></p> <p>Horizon Power:</p> <p>(a) Update its exception reporting and compliance monitoring regime to ensure that all meters are read at least once in every 12 month period. Such a regime should forecast those installations that are at risk of breaching the 12 month timeframe</p> <p>(b) Assign responsibility for monitoring meter read requirements to an appropriate team member.</p>   | <p><b>Action Plan 8/2011</b></p> <p>(a) The new metering database, mDATA21 has the required procedures built in to both ensure reads are obtained and identify meter reading exceptions approaching and after the 12 month milestone</p> <p>(b) mDATA21 will appropriately assign exceptions to the appropriate team member for monitoring and follow up.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p> |
| <p><b>Issue 9/2011</b></p> <p><b>Obligation 175 - Code of Conduct clause 4.19(2)</b></p> <p>Horizon Power has processes and procedures in place to manage the refund process.</p> <p>However, Horizon Power's work practices do not provide for customers to be asked for instructions as to whether the overcharged amount (if \$45 or more) should be credited to the customer’s account or otherwise repaid to the customer. Rather the default resolution is to credit the customer's account unless the customer requests a payment via cheque. Accordingly, Horizon Power's practices do not fully comply with clause 4.19(6) of the Code.</p>  |  |
| <p><b>Recommendation 9/2011</b></p> <p>Horizon Power strengthen its refund procedures to ensure customers are asked to nominate the refund method they require Horizon Power to use.</p>  | <p><b>Action Plan 9/2011</b></p> <p>Procedures for managing the refund process will be strengthened to ensure customers are asked to nominate the refund method they require Horizon Power to use.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p>  |

**Issue 10/2011****Obligation 192 & 193 – Code of Conduct clause 5.8(2) & (3)**

Although Horizon Power's debt collection procedures meet the requirements of section 5.8 of the Code, we observed that once referrals are made to its debt collection agent, Horizon Power had not:

- Applied a consistent approach for actively monitoring the status of customers referred to debt collection and any subsequent action relating to the customer's debt (e.g. regular reporting of collection results, including any failure to recover overdue amounts within 30 days, therefore triggering debt write-off procedures)
- Assigned responsibility for monitoring debt collection activity to an appropriate staff member.

We acknowledge that Horizon Power only refers debt to collections agencies for account holders who are no longer customers.

**Recommendation 10/2011**

Horizon Power:

- (a) Strengthen its debt collection procedures to provide for active monitoring of the status of customers referred to debt collection
- (b) Assign responsibility for monitoring debt collection activity to an appropriate staff member.

**Action Plan 10/2011**

The procedures for monitoring debt referred to a collection agency will be improved and follow-up and reporting responsibilities will be assigned to an appropriate staff member.

**Responsible Person:** Compliance and Billing Support Coordinator

**Accountable Person:** Manager Customer Services

**Target Date:** 30 September 2011

**Issue 11/2011****Obligation 216 – Code of Conduct clause 7.1**

Our sample testing of 20 disconnections performed during the period 1 October 2009 to 31 March 2011 identified the following:

- In one case (July/August 2010), a customer was sent both the reminder notice and disconnection warnings in breach of the timing requirements of sections 7.1(1)(a) and 7.1(1)(c) of the Code  
We note that Horizon Power remains in the process of designing an effective exception reporting regime to assist in monitoring compliance with the timing requirements of section 7.1 of the Code. *This matter is addressed at item 6/2009 of this report*
- For 14 disconnections, there was no evidence to indicate that Horizon Power had attempted to make contact with the customer other than via the reminder and disconnection notices. Horizon Power's Credit Management procedures provide for a phone call to be made to the customer prior to the disconnection service order being raised.

We also observed one case in July/August 2010 where the reminder notice and disconnection warning included amounts that were not outstanding at the time of the notice or warning i.e. the notice/warning included current charges, not just aged debt. This result appears to be in contravention with Velocity system rules. At the time of our audit, the reason for this contravention was not known.

We understand that Horizon Power's notification methods prior to disconnection includes a letter to the customer by mail, a text message to the customer by mobile phone (where possible), at least one attempted phone call and a disconnection warning card that is left at the front door of the customer's address (where possible).

The Manager Customer Services advised that the two instances identified above occurred during the period of a malfunction with the market interface. A recurrence has not been identified since that time.

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| <p><b>Recommendation 11/2011</b></p> <p>Horizon Power:</p> <p>(a) Strengthen its disconnection procedures to ensure that appropriate contact notes are maintained in Velocity records for “best endeavours” attempts made to make contact with the customer (i.e. phone call or other contact methods used)</p> <p>(b) Investigate and resolve the contravention to the Velocity system rules on the content of reminder notice and disconnection warning letters to ensure that they only include those charges that are overdue, not current supply charges.</p> | <p><b>Action Plan 11/2011</b></p> <p>(a) ServiceWorks will keep active spreadsheet records of contacts made for overdue accounts. This data will not be recorded in Velocity, however will be accessible to all credit officers and the Manager Customer Services</p> <p>(b) The two identified instances have been investigated to establish that both occurred during the period of a malfunction with the market interface. A recurrence has not been identified since that time</p> <p>(c) Random audit procedures will be established and audits conducted during visits to the call centre back office operations.</p> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 31 October 2011</p> |
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| <p><b>Issue 12/2011</b></p> <p><b>Obligation 217 – Code of Conduct clause 7.2</b></p> <p>Our sample testing of 20 disconnections performed during the period 1 October 2009 to 31 March 2011 indicated that:</p> <ul style="list-style-type: none"> <li>In October 2009, one customer was disconnected for failure to pay a bill, even though the customer had agreed to an alternative payment arrangement (extension of time) and paid the bill in the requisite timeframe.</li> </ul> <p>Although this may be an isolated occurrence at the beginning of the audit period, it does highlight Horizon Power's exposure breaches where staff do not have a sufficient understanding of the compliance implications of all activity in the lead up to disconnection.</p> <p>Horizon Power took over the disconnection process from Western Power in October 2009. Since that time the Customer Service team has established a procedure where by all de-energisation are referred to the Hardship Officer on a daily basis for their approval.</p> |   |
| <p><b>Recommendation 12/2011</b></p> <p>Horizon Power:</p> <p>(c) Strengthen its disconnection procedures to provide for the approval of all de-energisation service orders by an appropriate staff member (e.g. the Team Leader – Metering Services) prior to being issued</p> <p>(d) Ensure all relevant staff are sufficiently aware of the disconnection requirements of the Code.</p>   | <p><b>Action Plan 12/2011</b></p> <p>Horizon Power will hold regular awareness training sessions, which will be diarised for occurrence every six months.</p> <p><b>Responsible Person:</b> Manager Customer Services</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>  |
| <p><b>Issue 13/2011</b></p> <p><b>Obligation 282 &amp; 283 – Code of Conduct clause 12.1(1) &amp; (2)</b></p> <p>Currently Horizon Power's records of complaints are stored in two locations, being:</p> <ul style="list-style-type: none"> <li>The Velocity system – for those complaints received directly by Horizon Power representatives</li> <li>A separate spreadsheet – for complaints received via the Ombudsman.</li> </ul> <p>As the Velocity system has limited capability to record complaints received via the Ombudsman, Horizon Power has elected to continue to utilise the separate spreadsheet. The two records are then manually consolidated in order to monitor and record performance in relation to the Code's handling and resolution requirements.</p> <p>We also understand the Velocity system is currently unable to provide exception report or alerts to assist users in meeting the Code's complaints acknowledgement and response timeframe requirements.</p>   |   |
| <p><b>Recommendation 13/2011</b></p> <p>Horizon Power seek to upgrade the Velocity system's capabilities to provide:</p> <p>(a) A central repository for all complaints records, including complaints received from the Ombudsman</p> <p>(b) Exception reports or alerts to assist in monitoring performance against the Code's complaints acknowledgement and response timeframe requirements.</p>  | <p><b>Action Plan 13/2011</b></p> <p>The Customer Service team has commenced a process to identify the needed changes in Velocity to make it capable of being the one stop complaints recording and follow-up system. The changes to the system will be completed by the end of 2011 and will include the recommendations.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 31 December 2011</p> |

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| <p><b>Issue 14/2011</b></p> <p><b>Obligation 285 – Code of Conduct clause 12.2</b></p> <p>Horizon Power’s <i>Comprehensive Guide to the Complaints Process and Procedures</i> appropriately references relevant material from the Authority’s Customer Complaints Guidelines, including guidance on how to distinguish between an enquiry and a complaint.</p> <p>We understand that Customer Service Representatives (CSR) do not record as complaints calls from customers who express dissatisfaction in relation to a high bill that is found to correct (i.e. the dissatisfaction is unfounded). Although the Authority’s Guidelines indicate a customer’s dissatisfaction at the price of electricity (tariffs) is not to be considered as a complaint, there remains some doubt as to whether CSRs appropriately interpret the contact to be related to the price of electricity only, rather than the compilation of the bill itself (which may relate to meter reads or energy consumption).</p> <p>Horizon Power’s complaints numbers appear to be low, particularly when considering the number of complaints received via the Ombudsman, a number of which are for matters which Horizon Power could have treated as a complaint at the time of the customer’s initial contact with Horizon Power.</p> |  |
| <p><b>Recommendation 14/2011</b></p> <p>Horizon Power:</p> <p>(a) Investigate and determine whether there is any link between the low volumes of recorded complaints with the manner in which it distinguishes a query from a complaint</p> <p>(b) Review its approach in identifying complaints and where appropriate, provide suitable training to front line personnel who handle customer calls.</p>   | <p><b>Action Plan 14/2011</b></p> <p>The Customer Service team will investigate the manner in which it records complaints by conducting a benchmarking approach with other utilities and develop any identified required changes to the manner in which it both identifies and manages complaints.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p> |

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| <p><b>Issue 15/2011</b></p> <p><b>Obligation 288 - 296 &amp; 298 - 304 – Code of Conduct clauses 13.1 – 13.8(1), 13.9 – 13.14</b></p> <p>During this audit period, Horizon Power has strengthened its procedures for obtaining data required for input into the annual Code of Conduct performance report.</p> <p>Those procedures have not yet been fully documented and Horizon Power has experienced some difficulty in:</p> <ul style="list-style-type: none"> <li>• Collating that data from different personnel and sources</li> <li>• Ensuring supporting documentation was readily available and retained.</li> </ul> <p>Although a designated folder has been used to store copies of data and supporting documentation, some records were only retained in Horizon Power’s document management system.</p> |   |
| <p><b>Recommendation 15/2011</b></p> <p>Horizon Power:</p> <p>(a) Formalise the data collation and reporting processes for the preparation of the annual Code of Conduct performance report:</p> <ul style="list-style-type: none"> <li>• Process documentation should include the data source and contact details for relevant staff responsible for the provision of data</li> <li>• Any investigation on the accuracy and completeness of data/records should be formally documented.</li> </ul> <p>(b) Retain, in a central location, copies of all data and supporting documentation used in the preparation of the performance report.</p>   | <p><b>Action Plan 15/2011</b></p> <p>(a) Data collation and reporting processes will be formalised and will specifically include:</p> <ul style="list-style-type: none"> <li>• Documentation of all ERA reporting requirements</li> <li>• Data sources and contact details for relevant staff responsible for the provision of data</li> <li>• Requirements for any investigation on the accuracy and completeness of data/records to be formally documented.</li> </ul> <p>(b) Copies of all data and supporting documentation used in the preparation of the performance report will be stored in a designated folder on Horizon Power’s secure network drive.</p> <p><b>Responsible Person:</b> Compliance Liaison Officer<br/> <b>Accountable Person:</b> Manager Risk, Audit &amp; Governance<br/> <b>Target Date:</b> 30 September 2011</p> |

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| <p><b>Issue 16/2011</b></p> <p><b>Obligation 306 – Code of Conduct clause 13.15(3)</b><br/> <b>Obligation 469 – Network Quality and Reliability of Supply Code clause 27(1)</b></p> <p>The Small Use Code of Conduct and the Network Quality and Reliability of Supply annual performance reports were provided to the Minister and the Authority on 23 September 2010.</p> <p>Both reports were subsequently published on Horizon Power’s website on 24 September 2010 therefore not meeting the requirement of the Code for the reports to be provided to the Minister and the Authority at least 7 days before they are published.</p> |  |
| <p><b>Recommendation 16/2011</b></p> <p>Horizon Power update its compliance timetable to match the Code’s requirements for providing reports to the Minister and the Authority and for subsequently publishing those reports.</p>   | <p><b>Action Plan 16/2011</b></p> <p>The compliance timetable will be updated to match the Code’s requirements for providing reports to the Minister and the Authority at least 7 days before those reports are subsequently published.</p> <p><b>Responsible Person:</b> Compliance Liaison Officer<br/> <b>Accountable Person:</b> Manager Risk, Audit &amp; Governance<br/> <b>Target Date:</b> 30 September 2011</p> |
| <p><b>Issue 17/2011</b></p> <p><b>Obligation 307 – Code of Conduct clause 14.1(1)</b></p> <p>During the period 1 October 2009 to 31 March 2011, Horizon Power made two service standard payments for not reconnecting customers in the specified timeframes.</p> <p>However, one of the payments (made on 8 September 2010) was for the incorrect amount of \$50, being the amount payable pre 1 July 2010. The Code’s requirement changed on 1 July 2010 for such payments to be \$60.</p>   |  |
| <p><b>Recommendation 17/2011</b></p> <p>Horizon Power update service standard payment procedures and communicate those procedures to staff to ensure the correct payments are made.</p>   | <p><b>Action Plan 17/2011</b></p> <p>The Customer Service Team will hold a review training session which will be repeated on a six monthly basis.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator<br/> <b>Accountable Person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p>  |

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| <p><b>Issue 18/2011</b></p> <p><b>Obligation 309 – Code of Conduct clause 14.2(1)</b></p> <p>Walkthrough of Horizon Power’s current systems and procedures and discussions with staff indicate that Horizon Power is limited in its ability to identify and acknowledge instances of wrongful disconnection in order to initiate a service standard payment for wrongful disconnection.</p> <p>Our sample testing of 20 disconnections performed during the period 1 October 2009 to 31 March 2011 identified two breaches of the Code’s disconnection requirements (as detailed in the audit findings for obligations 216 and 217). In both cases, as Horizon Power had not recognised the breach, the service standard payment had not been made.</p> |  |
| <p><b>Recommendation 18/2011</b></p> <p>Horizon Power:</p> <p>(a) Make service standard payments to those customers who remain entitled to such payments, including those identified by this audit</p> <p>(b) Strengthen its disconnection procedures to:</p> <ul style="list-style-type: none"> <li>• Specifically identify instances where service standard payments are applicable</li> <li>• Ensure service standard payments are made by a delegated staff member</li> </ul> <p>(c) Train staff on the requirements of s.14.2 of the Code for identifying and acting on instances where service standard payments must be made.</p>  | <p><b>Action Plan 18/2011</b></p> <p>The Customer Service team will:</p> <p>(a) Make the service standard payments to customers entitled for such payments</p> <p>(b) Ensure all disconnection breaches are identified through strengthening daily review processes and corresponding payments are made for each breach</p> <p>(c) Run regular review training sessions on these requirements, at least six monthly.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p> |

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| <p><b>Issue 19/2011</b></p> <p><b>Obligation 319, 324, 327, 330, 331, 353, 432 – Metering Code clauses 3.1, 3.5(3), 3.5(9), 3.9(3), 3.9(7), 3.21(1), 6.1(1)</b></p> <p>The 2009 performance audit report identified that after an audit of Western Power’s meters concluded meters failed to test to standard, Horizon Power recognised that its meters may have also not been compliant with metrology requirements. Horizon Power has since developed a meter testing plan using the principles set out in its Metering Management Plan.</p> <p>We note that:</p> <ul style="list-style-type: none"> <li>• The test plan requires approximately 600 meters to be randomly selected across the service area for testing</li> <li>• At the time of this audit, approximately 200 meters had been tested, with a failure rate of approximately 54%</li> <li>• Failures have occurred in almost all of the populations of meters installed</li> <li>• The most recently installed three phase meters have not recorded failures</li> <li>• Horizon Power has not formally notified the Authority or the Office of Energy on the status of its testing in accordance with its Metering Management Plan and associated findings.</li> </ul> |
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| <p><b>Recommendation 19/2011</b></p> <p>Horizon Power develop a strategy for:</p> <ul style="list-style-type: none"> <li>(a) Communicating the status and results of its meter testing to the Authority and Office of Energy</li> <li>(b) Achieving compliance with the relevant requirements of the metering code and engage the Authority on actions to be taken.</li> </ul>  | <p><b>Action Plan 19/2011</b></p> <p>The Customer Service team will:</p> <ul style="list-style-type: none"> <li>(a) Complete the meter test plan in accordance with the test schedule</li> <li>(b) Complete the analysis of all the data from the meters tested</li> <li>(c) Identify the level of failure of its meter populations</li> <li>(d) Notify affected customers of the results of meter tests (including instances of failure/non-compliance)</li> <li>(e) Develop a management plan that will include population replacement where necessary</li> <li>(f) Convey the information to the Authority and the Office of Energy for discussion and agreement of a suitable plan.</li> </ul> <p><b>Responsible Person:</b> Field Services and Metering Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 31 December 2011</p> |
| <p><b>Issue 20/2011</b></p> <p><b>Obligation 378 – Metering Code clause 5.3</b></p> <p>Horizon Power’s contract with AMRS requires meter reading data to be uploaded to Horizon Power’s metering database by 4.30 pm of the business day after readings are obtained. The upload of meter reading data does not form part of the KPI reporting requirement of that contract.</p> <p>The Code requires Horizon Power to obtain meter reading energy data and transfer that data to its metering database within two business days of the meter reading.</p> <p>Our sample testing of 20 meter reading upload timeframes identified nine that were not uploaded within the two business day requirement.</p> <p>As the 2009 audit also reported non-compliances with this requirement and in accordance with Action Plan 24/09, Horizon Power had attempted to address this matter by reviewing its processes and procedures and re-stating the importance of compliance with AMRS. It is apparent that those efforts have not achieved the required improvement in compliance results.</p> |  |
| <p><b>Recommendation 20/2011</b></p> <p>Horizon Power</p> <ul style="list-style-type: none"> <li>(a) Establish effective monitoring and reporting requirements within its arrangements with AMRS</li> <li>(b) Develop a strategy for achieving compliance with the requirements clause 5.3 of the Metering Code: <ul style="list-style-type: none"> <li>(i) For the period leading up to the implementation of mDATA21</li> <li>(ii) Once mDATA21 becomes operational.</li> </ul> </li> </ul>   | <p><b>Action Plan 20/2011</b></p> <p>The Customer Service team will:</p> <ul style="list-style-type: none"> <li>(a) Remove the meter reading download and upload processes from the AMRS contract and complete these tasks in house, in line with the delivery of the mDATA21 metering system</li> <li>(b) Request AMRS to comply with this part of the contract and request a fortnightly report of compliance from AMRS.</li> </ul> <p><b>Responsible Person:</b> Field Services and Metering Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>   |

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| <p><b>Issue 21/2011</b></p> <p><b>Obligation 456 – Network Quality &amp; Reliability of Supply Code clause 18</b></p> <p>Horizon Power’s 2009/10 Network Quality &amp; reliability of Supply Performance Report disclosed one payment being made for failure to give required notice of planned interruption. Although details of such payments are expected to be recorded in a spreadsheet maintained by the Team Leader Billing Services, the spreadsheet available to the audit did not reflect the payment disclosed in the 2009/10 Performance Report.</p> <p>Horizon Power’s Trouble Call System (TCS) is the existing source of information on supply interruptions. As TCS records are not integrated with the Velocity system, Horizon Power requires a manual process for recognising applications for payment for failure to give required notice of planned interruption.</p>   |  |
| <p><b>Recommendation 21/2011</b></p> <p>Horizon Power</p> <p>(a) Develop clear instructions for recording details of payments for failure to give required notice of planned interruption</p> <p>(b) Investigate the capability of Velocity or mDATA21 for recording such customer applications and payments and for monitoring payment timeframes.</p>  | <p><b>Action Plan 21/2011</b></p> <p>The Customer Service team will:</p> <p>(a) Develop clear procedures for the daily management of “reliability” payments by review of the TCS system</p> <p>(b) Record all applications and payments will in the spreadsheet maintained by the Team Leader - Billing Services.</p> <p><b>Responsible Person:</b> Field Services and Metering Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p> |
| <p><b>Issue 22/2011</b></p> <p><b>Obligation 457 – Network Quality &amp; Reliability of Supply Code clause 19</b></p> <p>Horizon Power makes relevant payments to eligible customers under its Extended Outage Payment Scheme. The Code requires such payments to be made within 30 days of the customer’s application. Our testing of 40 of the 99 payments made during the period 1 October 2009 and 31 March 2011 identified three that were made outside of the 30 day timeframe. There were no explanations recorded in the Velocity system for the timeframe not being met, however each of the three instances occurred during a period in which the role for processing applications was being transitioned to a new employee.</p> <p>As Horizon Power’s current processes are manual and performed by a single employee, there is a continued chance of eligible applications not being processed in a timely manner, particularly if the employee is absent from work, or has other duties to perform.</p> |  |
| <p><b>Recommendation 22/2011</b></p> <p>Horizon Power strengthen its monitoring processes to ensure eligible customers receive payments in relation to supply interruptions exceeding 12 hours within the 30 day timeframe.</p>  | <p><b>Action Plan 22/2011</b></p> <p>The Customer Service team will review the processes for payments made under the Extended Outage Payment scheme and retrain relevant staff members for these processes.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>  |

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| <p><b>Issue 23/2011</b></p> <p><b>Obligation 460 – Network Quality &amp; Reliability of Supply Code clause 21(3)</b></p> <p>During its 2009/10 financial year, Horizon Power had not provided written notice to eligible customers about payments for failure to give required notice of planned interruption and supply interruption exceeding 12 hours.</p> <p>This matter was duly reported in Horizon Power’s 2009/10 Compliance Report, including a planned resolution of delivering an annual Customer Notification letter to customers at the address which accounts are sent to. At the time of the fieldwork performed for this audit (June 2011), the notification had not yet been delivered.</p> |   |
| <p><b>Recommendation 23/2011</b></p> <p>Horizon Power update its compliance timetable and ensure that it diarises and actions the requirement to provide written notice to eligible customers about payments for failure to meet the requirements in sections 18 and 19 of the Code.</p>   | <p><b>Action Plan 23/2011</b></p> <p>The Customer Service team will establish the annual distribution of this notification to customers through the invoicing process.</p> <p><b>Responsible Person:</b> Compliance and Billing Support Coordinator</p> <p><b>Accountable Person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 30 September 2011</p>  |
| <p><b>Issue 24/2011</b></p> <p><b>Obligation 467 - Electricity Industry (Network Quality and Reliability of Supply) Code clause 26</b></p> <p>For the year ending 30 June 2010, Horizon Power appointed Qualeng to undertake an independent audit of Horizon Power’s systems for monitoring its compliance with part 2 of the Code.</p> <p>However we note that the audit report did not conclude on Horizon Power’s systems for monitoring compliance with Part 2 of the Code, instead more specifically concluding that those systems are in compliance with the Code</p>  |   |
| <p><b>Recommendation 24/2011</b></p> <p>Horizon Power require future Network Quality &amp; Reliability of Supply Code audits to specifically conclude on Horizon Power’s systems for monitoring compliance with Part 2 of the Code.</p>  | <p><b>Action Plan 24/2011</b></p> <p>Commencing from the 2011/2012 Network Quality &amp; Reliability of Supply Code audit, the audit report will be required to specifically conclude on Horizon Power’s systems for monitoring compliance with Part 2 of the Code.</p> <p><b>Responsible Person:</b> Compliance Liaison Officer</p> <p><b>Accountable Person:</b> Manager Risk, Audit &amp; Governance</p> <p><b>Target Date:</b> 30 June 2012</p> |

## 2009 Audit

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| <p><b>Issue 4/2009</b></p> <p><b>Obligation 97 – Integrated Regional Licence condition 6.1<br/>113 – Code of Conduct clause 2.1</b></p> <p>Horizon Power does not undertake marketing activities for the purposes of competing with other retailers, however the Code of Conduct does consider relevant employees and ServiceWorks’ Customer Service Representatives (CSRs) to be “marketing representatives” as they act on behalf of Horizon Power:</p> <ul style="list-style-type: none"> <li>• “for the purpose of obtaining new customers” or</li> <li>• “in dealings with existing customers in relation to contracts for the supply of electricity”.</li> </ul> <p>Horizon Power’s training processes in relation to electricity marketing activities undertaken by staff members or ServiceWorks staff have not been formally developed and consistently applied.</p> <p>Horizon Power also has not yet established a mechanism for active monitoring of the performance of relevant staff against the marketing requirements of the Code of Conduct.</p> |   |
| <p><b>Recommendation 4/2009</b></p> <p>Horizon Power:</p> <p>(a) Ensure that it fully understands the intent of the Code of Conduct’s marketing related clauses, relevant to Horizon Power’s activities</p> <p>(b) Identify which of its employees and ServiceWorks employees are considered to be marketing agents or marketing representatives, for the purpose of the Code of Conduct</p> <p>(c) Develop an appropriate training package that outlines the key Code requirements with which those marketing agents/representatives must comply.</p>  | <p><b>Revised Action Plan 4/2009</b></p> <p>A training package will be developed to address the marketing related requirements of the Code suitable for the type of work being undertaken by Horizon Power employees and ServiceWorks CSRs.</p> <p><b>Responsible person:</b> Manager Customer Services<br/> <b>Accountable person:</b> Manager Customer Services<br/> <b>Target date:</b> 31 December 2011</p> |
| <p><b>Issue 5/2009</b></p> <p><b>Obligation 104 – Licence condition 20.3</b></p> <p>As part of the regularisation of communities, Horizon Power requires its Licence boundary to be amended to include new supply locations.</p> <p>In its 2008/09 compliance report to the Authority, Horizon Power disclosed that:</p> <ul style="list-style-type: none"> <li>• The most recent request for boundary amendments for this purpose were not submitted in a timely manner to allow for remapping prior to extensions of supply</li> <li>• Mapping software was found to be faulty</li> <li>• Action had been initiated to prevent recurrence of the breach by December 2009.</li> </ul>  |   |
| <p><b>Recommendation 5/2009</b></p> <p>Horizon Power:</p> <p>(a) Pursue its commitment to improved staff awareness of the requirement for more timely forecasting and communication of supply location extensions, which impact on licence boundaries.</p> <p>(b) Consider implementing a regular report which lists any system asset or supply address which falls outside licence boundaries.</p>   | <p><b>Revised Action Plan 5/2009</b></p> <p>The draft Electricity Supply &amp; Extension manual will be finalised upon response from the Office of Energy.</p> <p><b>Responsible Person:</b> Manager Asset and Works Management<br/> <b>Accountable person:</b> Manager Asset and Works Management<br/> <b>Target Date:</b> Within one month of response from the Office of Energy</p>                          |

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| <p><b>Issue 6/2009</b></p> <p><b>Obligation 142, 168, 174, 175, 191, 211, 212 &amp; 221 – Code of Conduct clauses 4.1, 4.15(2), 4.19(3) &amp; (4), 6.1(1), 7.1,7.2 &amp; 8.2</b></p> <p>Horizon Power has a number of obligations under the Code of Conduct, which have associated target timeframes or require action to be taken in a specified sequence. In these cases, Horizon Power is exposed to breaching its obligations if its standard business processes are not upheld. During the period subject to audit, examples of such breaches noted by this audit related to obligations 142 (customers not billed for longer than 3 months), 211 (customers not sent a disconnection reminder notice) and 221 (customers not connected within the required timeframe).</p> <p>An effective exception reporting arrangement will provide Horizon Power with greater certainty that breaches have not occurred, as well as the opportunity to forecast transactions at risk of breaching target timeframes. Horizon Power does not currently receive a suite of exception reports from ServiceWorks for compliance monitoring purposes. The three primary reasons for this situation are:</p> <ul style="list-style-type: none"> <li>• Management has focussed on ensuring there are appropriate system controls and procedures in place to identify and mitigate breaches when they occur</li> <li>• Horizon Power has not yet determined what information and data it requires to be extracted from Velocity and reported. We recognise that a project was initiated in August 2009 for this purpose</li> <li>• The reporting capabilities of Velocity and ServiceWorks have generally not yet been aligned with Horizon Power's requirements.</li> </ul> |   |
| <p><b>Recommendation 6/2009</b></p> <p>Horizon Power:</p> <p>(a) Investigate the feasibility of implementing an exception reporting and monitoring regime, particularly for obligations where a time frame is prescribed</p> <p>(b) Refine its existing repertoire of standard reports to allow for better monitoring of its business operations.</p>   | <p><b>Revised Action Plan 6/2009</b></p> <p>As a key element of its implementation of mDATA21, Horizon Power will implement exception and management reports specifically designed to monitor compliance with the various requirements of the Code.</p> <p><b>Responsible Person:</b> Manager Customer Services</p> <p><b>Accountable person:</b> Manager Customer Services</p> <p><b>Target Date:</b> 31 December 2011</p> |

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| <p><b>Issue 11/2009</b></p> <p><b>Obligation 185 – Code of Conduct clause 5.7(1)</b></p> <p>The Code requires Horizon Power not to charge a customer for electricity consumed from the day they vacate the supply address, provided the customer has provided a minimum of 3 business days notice.</p> <p>Until recently, Horizon Power required customers to provide 5 business days notice in advance of vacating the premises, in order to have a final meter read performed. This requirement was reflected in the Customer Charter and also evidenced in correspondence with customers who had made complaints regarding final bills.</p> <p>Horizon Power’s current practices and revised Customer Charter now requires 3 business days notice and AMRS advises it has committed to complying with the 3 day timeframe. However AMRS’s contractual arrangements with Horizon Power still provide for a final meter read to take up to 5 days to be performed.</p> <ul style="list-style-type: none"> <li>• Horizon Power’s current procedures remain exposed to a breach of the requirements of this obligation as in the event that the meter is read later than 3 business days after the customer’s notification, the customer may be incorrectly charged for electricity consumed.</li> </ul> |  |
| <p><b>Recommendation 11/2009</b></p> <p>Horizon Power:</p> <ul style="list-style-type: none"> <li>(a) Confirm the effectiveness of its arrangements with AMRS for performing final meter reads</li> <li>(b) Investigate the practicalities of implementing additional mechanisms for ensuring that customers are not overcharged for electricity consumed.</li> </ul>   | <p><b>Revised Action Plan 11/2009</b></p> <p>Horizon Power:</p> <ul style="list-style-type: none"> <li>(a) Implement a monitoring regime to ensure compliance with s.5.7(1) of the Code</li> <li>(b) Finalise negotiations of the AMRS contract, including specific reference to the requirements of s.5.7(1) of the Code.</li> </ul> <p><b>Responsible Person:</b> Manager Customer Services<br/> <b>Accountable person:</b> Manager Customer Services<br/> <b>Target Date:</b> 30 September 2011</p> |