Final Decision

Review of the Services and Pricing Policy for the second pricing period and proposed changes to other documents

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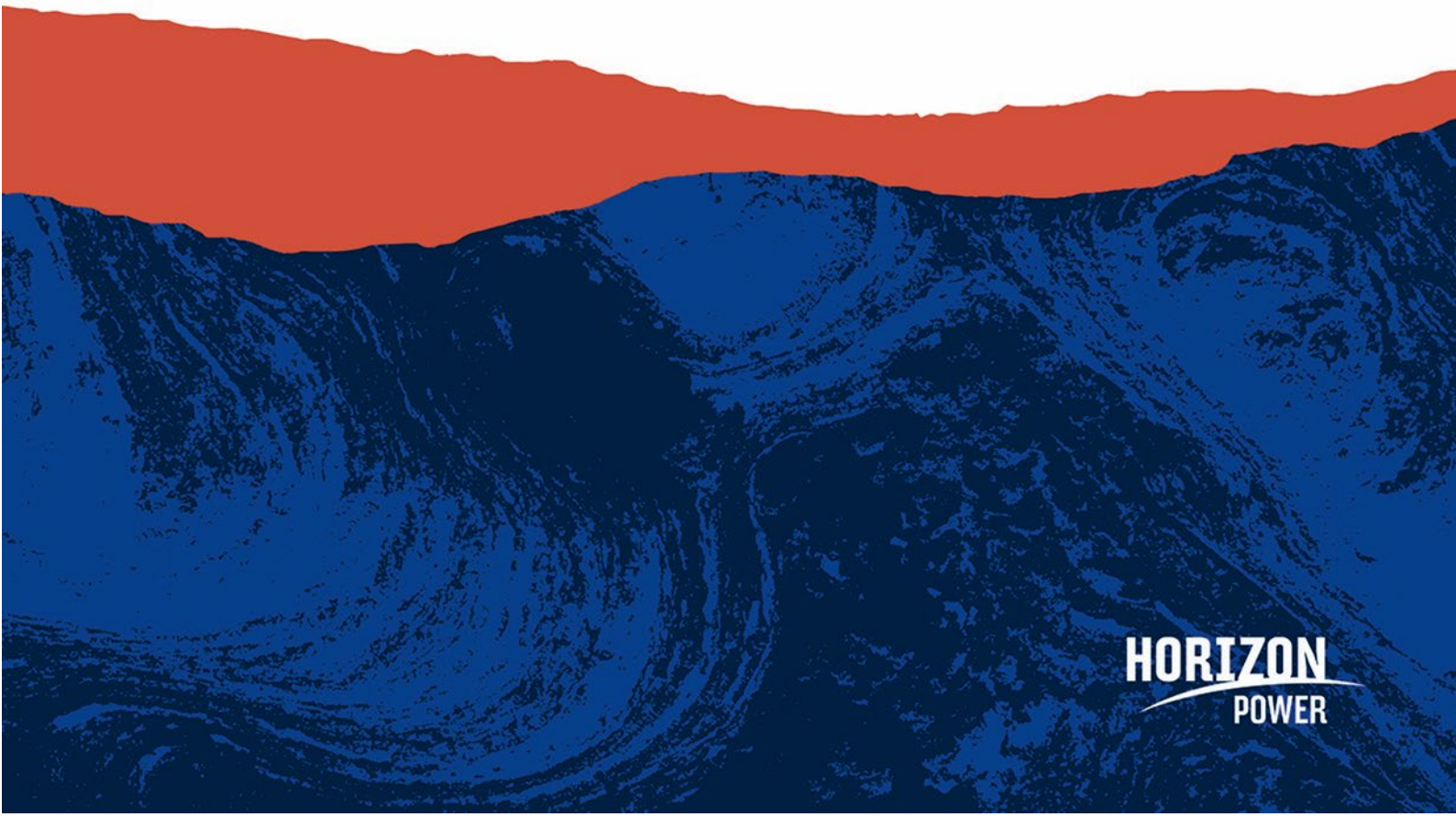

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1. INTRODUCTION

Horizon Power is a State Government-owned energy corporation established under the *Electricity Corporations Act 2005 (WA),* providing electricity across regional and remote Western Australia.

The North West Interconnected System (NWIS) is located in the Pilbara region in the north west of Western Australia. The NWIS supplies the communities of Dampier to Port Hedland and inland to Paraburdoo and Tom Price. Horizon Power owns and manages a significant portion of the North West Interconnected System (NWIS) in the Pilbara, as illustrated in Figure 2.1.

Horizon Power's coastal network in the Pilbara region supplies the townships of Karratha, Roebourne, Point Samson, and Port Hedland (including Wedgefield and South Hedland). It also supplies major loads in the port area of Port Hedland.

Access to Horizon Power's coastal network is regulated under the Pilbara Network Access Code 2021 (PNAC). With the commencement of coverage on 1 July 2021, and as required by the PNAC, Horizon Power published a:

- system description
- services and pricing policy for the first pricing period (2021-22 to 2023-24)
- network development policy
- user access guide.

Horizon Power is required to review the services and pricing policy before the start of each new pricing period[1] and consult in accordance with the standard consultation procedures as set out in the PNAC.[2]

With the second pricing period commencing on 1 July 2024, and in accordance with the standard consultation procedures, stakeholders were invited to make submissions on the draft services and pricing policy for the second pricing period.

Stakeholders were also invited to make submissions on proposed changes to the following documents for the second pricing period:

- contributions policy (which is part of the network development policy)
- user access guide.

One submission was received from the APA Group (APA).

Horizon Power subsequently consulted on one specific matter – the equity beta used to estimate the rate of return. One confidential submission was received.

The purpose of this document is to summarise the matters raised in submissions received and Horizon Power's final decision on those matters. In addition, the draft services and pricing policy indicated that it would be updated to reflect the Reserve Bank of Australia's February 2024 CPI forecasts. This paper also indicates those updates.

[1] PNAC, section 40(3).
[2] PNAC, section 40(4)(b)

2. SERVICES AND PRICING POLICY

Horizon Power sought comments on the following information that was set out in the draft services and pricing policy:

- the pricing period
- the reference services offered, and the reference terms and conditions for each reference service
- the target revenue for the pricing period and how it was calculated
- the methodology for adjusting the target revenue during a revenue period
- the tariff setting methodology
- a price list
- circumstances under which price list will be reviewed for each year of the pricing period
- a prudent discount policy.[3]

APA provided comments on the Reference Services document and the Tariff Setting Methodology. APA's comments, and Horizon Power's final decision on those matters, are provided in sections 2.1 and 2.2. Horizon Power's final decisions on the forecast CPI, rate of return, target revenue and price list are discussed in sections 2.3, 2.4, 2.5 and 2.6, respectively.

2.1 Reference services

APA noted that Horizon Power has added a requirement for the three 'entry services' that electricity does not transfer out of the Horizon Power network more than 20% of the time. APA sought clarity as to the basis for selecting 20% as the requirement for an entry service.

Entry services are provided at entry points on the Horizon Power network. An entry point is defined as a point at which electricity is more likely to be transferred into the network than transferred out. Entry services have traditionally been contracted by generators.

However, some renewable generators are placing a considerable load on the Horizon Power network. Accordingly, they are more appropriately classified as bidirectional services rather than entry services. The 20% threshold was included in the Reference Services document to clarify whether a service should be categorised as an entry service or a bidirectional service. The 20% threshold was chosen as generators that do not place a material load on the Horizon Power Pilbara network are expected to fall well below this threshold, and those that do place a material load on the network are expected to fall well above this threshold.

The Reference Services document will not be amended in response to this comment.

Final Decision: Horizon Power will make no change to the Reference Services document.

[3] PNAC, section 40(1).

2.2 Tariff setting methodology

APA noted that shared operating expenditure makes up 45% of the total operating expenditure for the Horizon Power Pilbara network. APA sought an explanation of the cost allocation method applied to shared corporate and other operating and capital costs.

Horizon Power's cost allocation methodology is explained in section 8 of the Ringfencing Rules.[4] The key aspects of the cost allocation methodology are replicated below.

2.2.1 Key aspects of Horizon Power's cost allocation methodology

Horizon Power's cost and revenue items are allocated or attributed in accordance with the following principles:

1. Any costs that are directly attributable to the network business or to an other business are allocated accordingly.
2. Any costs that are not directly attributable are allocated to the network business in accordance with an appropriate allocator, which:
   (a) unless unable to be delivered without undue cost or effort or the cost is immaterial, is causation based, and
   (b) otherwise reflects a reasonable and well-accepted allocation approach.
3. Revenue received by the Horizon Power Pilbara Network Business from the provision of goods and services to an Associate or deemed associate is separately identified in the Horizon Power Pilbara Network Business accounts.
4. Expenditure by the Horizon Power Pilbara Network Business on the provision of goods or services by an Associate or deemed associate is separately identified in the Horizon Power Pilbara Network Business accounts.

In support of the above, Horizon Power commits to the following principles:

1. A cost or revenue item will not be attributed and/or allocated more than once.
2. A direct cost or revenue item will only be attributed to one location, function and, as appropriate, category of service.
3. An indirect cost or revenue item will only be allocated once between locations, functions and, as required, categories of service.
4. The same cost or revenue item will not be treated as both a direct and an indirect cost or revenue item.
5. The same cost will only be recovered once through tariffs and fees.
6. Unregulated costs will be allocated to the unregulated business segments and will be ringfenced from the recovery of costs through regulated services.
7. The allocation of a cost or revenue item will be determined by the substance of the transaction or event rather than the legal form.
8. An avoided cost allocation method (or any other method of allocation not specifically referred to within these rules) is not currently applied to allocate cost or revenue items.

[4] Available at https://nwis.com.au/media/lkal0ui2/ringfencing-rules.pdf

Shared costs are allocated using a three step allocation process. They are allocated by:

- location e.g. West Pilbara, then
- function e.g. distribution services, then
- where required, category of service e.g. unregulated distribution service or cost pool for revenue and pricing purposes e.g. distribution LV.

The most common causal correlation methods are as follows:

1. **Direct costs**: shared costs are allocated based on direct costs when the underlying transaction has a causal correlation to other costs incurred, e.g. costs related to a management role. The direct cost is determined by the ratio of the direct costs in the business segment to the total value of the direct costs that are relevant to the allocation of costs.
2. **Asset value**: allocation on an asset value basis is applied when the underlying transaction has a causal correlation to Horizon Power's principal service of building, maintaining and operating assets, e.g. asset services management. Asset value is determined by the ratios of the asset value in the business segment to the total value of some or all of Horizon Power's assets, depending on which assets are relevant to the allocation of costs. For example, the value of retail assets is not relevant to the allocation of costs that relate to generation and network services.
3. **Energy consumption** is applied when the underlying transaction has a causal correlation to the consumption of energy e.g. energy trading. It is commonly used to allocate costs to a particular location. Energy consumption is determined by the ratio of the energy consumed in a town to the total value of energy consumed across the whole or part of Horizon Power's operating region, depending on which locations are relevant to the allocation of costs. For example, some services are not provided in the Pilbara region.
4. **Full time staff equivalents (FTE):** allocation on an FTE basis is applied when the underlying transaction has a causal correlation to the consumption of staff/labour, e.g. property and facilities, and fleet. FTE is determined by the ratio of FTE within a specific business segment to the total of some or all FTEs, depending on which FTEs are relevant to the allocation of costs.
5. **Customer numbers**: allocation on a customer number basis is applied when the underlying transaction has a causal correlation to the number of customers, e.g. metering. Customer numbers are determined by the ratio of the number of customers within a specific business segment to the total number of customers.
6. **Corporate three factor method**: allocation using the corporate three factor method is applied when there is no causal correlation between the underlying transaction and the consumption of staff/labour or the service of building, maintaining and operating assets, e.g. commercial support. The corporate three factor method for allocating costs and revenue to a location is an equal weighting of asset value, revenue and FTEs (locational corporate 3-factor), and then allocating costs and revenue to a function is an equal weighting of asset value, a fixed component and FTEs (functional corporate 3-factor). As appropriate, the corporate three factor

method may allocate costs and revenues across some or all locations and across some or all functions.

2.2.2 Application of Horizon Power's cost allocation methodology

In broad terms, around 50% of Horizon Power's business is conducted in the Pilbara, with around 75% of FTEs in the Pilbara working in the network business. The Pilbara network assets represent around 90% of Horizon Power's assets in the Pilbara. Accordingly, in broad terms, between 35% and 45% of costs that are shared across the entire Horizon Power business are allocated to the Horizon Power Pilbara network.

2.2.3 Final decision

Horizon Power will amend the Tariff Setting Methodology to include an overview of the cost allocation methodology, similar to that provided above.

Final Decision: Horizon Power will amend section 7.2.7 of the Tariff Setting Methodology to include a link to the Ringfencing Rules, which include more detail on the cost allocation methodology, and a reference to a new appendix that will include the key aspects of the cost allocation methodology as provided in section 2.2.1.

2.3 Forecast CPI

The forecast CPI that was used in the Draft Tariff Setting Methodology was based on the CPI forecasts provided in the Reserve Bank of Australia's (RBA's) November 2023 Statement of Monetary Policy. The Draft Tariff Setting Methodology indicated that the forecast CPI would be updated based on the CPI forecast in the RBA's February 2024 Statement of Monetary Policy.

Table 2.1 shows the forecast CPI that was used in the Draft Tariff Setting Methodology and the forecast CPI that will be used in the Final Tariff Setting Methodology.

The February 2024 Statement of Monetary Policy does not forecast CPI beyond June 2025. Accordingly, the same values will be used for 2025-26 and 2026-27 in the Final Tariff Setting Methodology as were used in the Draft Tariff Setting Methodology. This assumes a linear reduction to the midpoint of the RBA's target range (2.5%) over a three year period.

Table 2.1: Forecast CPI, 2023-24 to 2026-27

	2023-24	2024-25	2025-26	2026-27
Draft Tariff Statement Methodology	3.9%	3.3%	2.7%	2.63%
Final Tariff Statement Methodology	3.6%	3.0%	2.7%	2.63%

Final Decision: Horizon Power will update the Tariff Setting Methodology to use the updated forecast CPI as set out in Table 2.1.

2.4 Rate of return

The rate of return in the Draft Tariff Setting Methodology was estimated using the same methodology and parameters as used by the Economic Regulation Authority (**ERA**) in its determination of the rate of return for the Pilbara Networks for the first pricing period. Two of the parameters used to estimate the rate of return are forecast inflation and the equity beta.

2.4.1 Forecast inflation

The forecast inflation that was used in the Draft Tariff Setting Methodology was based on the CPI forecasts provided in the RBA's November 2023 Statement of Monetary Policy. The Draft Tariff Setting Methodology indicated that the forecast CPI would be updated based on the CPI forecast in the RBA's February 2024 Statement of Monetary Policy.

Accordingly, the rate of return will be updated based on the updated CPI forecast as set out in Table 2.1.

2.4.2 Equity beta

The ERA's approach to estimating the equity beta for the Pilbara networks for the first pricing period was to begin with estimates of the equity beta for a benchmark energy network and to then make adjustments for different debt capacity and systematic risk of Horizon Power (+0.1 increase in the equity beta) and Alinta DEWAP (+0.2 increase in the equity beta).

Following the release of the Draft Tariff Setting Methodology for consultation, Horizon Power received a third party economic expert's advice (**Expert's Advice**) recommending Horizon Power update the equity beta. The Expert's Advice was that additional market data through to the end of 2023 has become available to support an equity beta higher than the current allowance. In particular, the ERA's own set of evidence supports an equity beta for the benchmark energy network of 0.8 rather than 0.7. There are two primary reasons for its conclusions on this point:

1. The evidence supports an estimate materially above 0.7. For example:
   (a) The ERA has published a total of 232 comparator beta estimates.[5] The mean of these estimates is 0.87. Only 27% are below the 0.7 figure adopted by the ERA and 73% are above;
   (b) The mean beta estimates over the ERA's 5 comparator markets are all materially above 0.7;
   (c) The mean beta estimates over the ERA's 49 comparator firms are all materially above 0.7; and

[5] 58 comparator businesses, OLS and LAD beta estimates, data periods of 5 years and 10 years.

(d) The estimates that the ERA has reported for various markets are almost exclusively above 0.7. It is only the single comparator in New Zealand that has a beta estimate below 0.7.

2. Also, the ERA appears to rely equally on Ordinary Least Squares (OLS) and Least Absolute Deviations (LAD) estimates of equity beta. It can be argued that the OLS estimate is consistent with the definition of equity beta in the Capital Asset Pricing Model (CAPM), but the LAD estimate is not. In its view, there is a reasonable argument that OLS produces estimates of the CAPM beta whereas LAD does not. This would seem to suggest that a higher beta estimate is warranted.[6]

We consulted on adopting an equity beta of 0.8 rather than 0.7 for the benchmark energy network, consistent with the Expert's Advice on the available evidence.

Submission received on the equity beta

We received one confidential submission on the proposal to increase the equity beta to 0.8, which did not agree with the increase. Its understanding was that ERA's:

- domestic energy sample provided a range of equity beta estimates from 0.4 to 0.6
- when international comparators were examined, it provided a range of estimates from 0.6 to 1.0
- the average beta estimate across all countries and estimation windows was 0.75.

It supported ERA's conclusion that 0.7 is the best estimate of the equity beta for a benchmark energy network.

Response to submission on equity beta

The most recent decision made by the ERA on the equity beta for a benchmark energy network was published on 16 December 2022 – the 2022 Gas Rate of Return Instrument (RORI).[7], [8]

We note that the comments made in the confidential submission on ERA's equity beta estimates were taken directly from the ERA's 2022 RORI.[9] It is not new information.

To reinforce the arguments that were made to increase the equity beta to 0.8, the comparisons provided by the ERA in the 2022 RORI are summarised in Table 2.2. Equity beta estimates that are above 0.8 are shaded green, those that are between 0.7 and 0.8 are shaded green and those that are less than 0.7 are shaded red. Table 2.2 shows that all the international estimates are greater than 0.7, with most greater than 0.8. It is only the equity beta estimates for Australia and New Zealand that are less than 0.7.

Table 2.2 also includes the number of comparator firms in each jurisdiction. The low equity beta estimate for New Zealand is based on only one firm and the equity beta estimate for

[6] Frontier Economics, *Updated gearing and beta parameter estimates*, January 2024.
[7] Refer Explanatory Statement at https://www.erawa.com.au/cproot/23028/2/2022-Final-Gas-Rate-of-Return-Instrument-Explanatory-Statement---To-publish.pdf.
[8] An amendment was published in 2023 but this only changed a data source as the one previously referenced was no longer available.
[9] Economic Regulation Authority, *Explanatory Statement for the 2022 final gas rate of return instrument,* 16 December 2022, para 1101.

Australia is based on four firms with only three remaining listed (APA, Spark Infrastructure and AusNet Services). As noted by the ERA, the equity beta for these firms "is not observed but estimated with some error".[10]

Table 2.2: Mean equity beta estimates

	US	Canada	UK	Australia	New Zealand
Number of comparator firms	47	8	2	4	1
5 year estimates					
OLS	1.03	0.94	0.92	0.40	0.65
LAD	0.74	0.86	0.77	0.54	0.64
10 year estimates					
OLS	0.95	0.97	0.93	0.47	0.63
LAD	0.74	0.88	0.81	0.56	0.56

Source: Economic Regulation Authority, *Explanatory Statement for the 2022 final gas rate of return instrument,* 16 December 2022, paras 1081 and 1098

No new information was provided to indicate that the equity beta estimate for a benchmark energy network should be changed from the 0.8 proposed in the consultation paper.

Final Decision: Horizon Power will update the Tariff Setting Methodology to use an equity beta estimate 0.9 when estimating the rate of return – an equity beta of 0.8 for a benchmark energy network plus 0.1 based on Horizon Power's debt capacity and systematic risk, consistent with ERA's determination for the first pricing period.

2.4.3 Rate of return

Table 2.3 shows the rate of return that was used in the Draft Tariff Setting Methodology and the rate of return that will be used in the Final Tariff Setting Methodology. The parameters that will be updated (equity beta and expected rate of inflation) are shaded.

Table 2.3: Rate of return parameters

Parameter	Draft Tariff Setting Methodology	Final Tariff Setting Methodology
Gearing ratio (debt : equity)	45% : 55%	45% : 55%
Equity beta	0.80	0.90
Market risk premium	5.9%	5.9%

[10] Economic Regulation Authority, *Explanatory Statement for the 2022 final gas rate of return instrument,* 16 December 2022, para 1081

Parameter	Draft Tariff Setting Methodology	Final Tariff Setting Methodology
Franking credits (gamma)	50%	50%
Nominal risk-free rate – equity	3.77%	3.77%
Nominal risk-free rate – debt	2.56%	2.56%
Debt risk premium	2.518%	2.518%
Debt raising costs	0.165%	0.165%
Expected rate of inflation	2.86%	2.77%
Tax rate	30%	30%
Pre-tax real WACC	4.85%	5.32%

Final Decision: Horizon Power will update the Tariff Setting Methodology to use a rate of return of 5.32%.

2.5 Target revenue

Table 2.4 shows the impact of the updated CPI forecast and rate of return on Horizon Power's target revenue for the second pricing period. With these changes, the target revenue (excluding the Temporary Access Contribution (TAC)) is 2.5% higher in the Final Tariff Setting Methodology than in the Draft Tariff Setting Methodology.

Table 2.4: Target revenue for 2024-25 to 2026-27 ($ million, nominal)

	Draft Tariff Setting Methodology			Final Tariff Setting Methodology		
Year ending 30 June	**2024-25**	**2025-26**	**2026-27**	**2024-25**	**2025-26**	**2026-27**
Capital base (excluding network)						
Return of	29.9	29.0	28.5	29.7	28.8	28.3
Return on	27.2	26.5	25.8	29.7	28.9	28.1
New facilities investment (excluding corporate)						
Return of	0.3	1.0	1.4	0.3	1.0	1.4
Return on	0.7	1.5	2.3	0.8	1.6	2.5
Non-capital costs	32.9	33.7	34.6	32.9	33.7	34.6
Share of corporate capital-related costs						
Capital base	3.5	3.4	2.5	3.5	3.4	2.6
New facilities invest.	0.6	2.2	3.6	0.7	2.2	3.7
Revenue adjustment	0.4	0.4	0.5	0.4	0.4	0.5

	Draft Tariff Setting Methodology			Final Tariff Setting Methodology		
Year ending 30 June	**2024-25**	**2025-26**	**2026-27**	**2024-25**	**2025-26**	**2026-27**
Target revenue (excluding TAC)	**95.5**	**97.8**	**99.2**	**97.9**	**100.2**	**101.7**
Temporary Access Contribution	4.1	0.0	0.0	4.1	0.0	0.0
Target revenue (including TAC)	**99.5**	**97.8**	**99.2**	**102.0**	**100.2**	**101.7**

2.6 Price list

The higher target revenue will result in higher prices. A comparison of the charges in the Draft Price List to those in the Final Price List are provided in:

- Table 2.5 for the demand charges
- Table 2.6 for the streetlighting prices
- Table 2.7 for the metering charges.

Table 2.5: Demand charges ($ per kVA per annum, excluding GST), 2024-25

Reference tariff	Basis of charge	Draft Price List	Final Price List
DT1	Metered maximum demand	$355.00	$364.24
DT2	CMD	$355.00	$364.24
DT3	Metered maximum demand	$308.93	$316.54
DT4	CMD	$308.93	$316.54
DT6	Metered maximum demand	$355.00	$364.24
DT7	CMD	$0	$0
DT8	Metered maximum demand	$0	$0
TT1	CMD	On request	On request
TT2	CMD	On request	On request
TT3	CMD	$0	$0

Table 2.6: Streetlighting prices ($ per lamp per annum, excluding GST), 2024-25

	Draft Price List	Final Price List
Streetlight	$385.22	$395.35

Table 2.7: Metering charges ($ per meter per annum, excluding GST), 2024-25

	Draft Price List	Final Price List
Metering for customers connected to the low voltage network (less than 6.6 kV)	$92.04	$94.48
Metering for customers connected to the high voltage network (between and including 6.6 kV and 33 kV)	$460.19	$472.41

3. CONTRIBUTIONS POLICY

The following changes were proposed to the Contributions Policy:

- clarify that the forecast costs of connection works may include a reasonable margin
- increase the threshold above which an applicant may negotiate periodic payments for contributions (rather than an upfront payment) from $25,000 to $10 million
- when determining a rebate to be paid by subsequent applicants, introduce a threshold of $25 million
    - below which, the contributions are amortised completely in a straight line over 10 years
    - above which, the period over which the contributions are amortised completely in a straight line is negotiated based on the term for repayment of the contribution and the remaining life of the asset
- make minor editorial changes.

APA commented on the definition of forecast costs, the calculation of the contribution, the threshold for negotiating periodic payments and the threshold for changing the period over which contributions are amortised when calculating rebates. A discussion on these matters and Horizon Power's final decisions are provided in sections 3.1, 3.2, 3.3 and 3.4, respectively.

3.1 Definition of forecast costs

Horizon Power proposed that the definition of forecast costs be expanded to clarify that the forecast costs may include a reasonable margin on costs for which Horizon Power will not receive, or has not received, a return on capital as part of its target revenue. APA sought further information about the meaning and rationale for the margin.

The definition of forecast costs is currently ambiguous as to whether Horizon Power can earn a reasonable margin on connection works. The amendment was proposed to clarify that the connection works could include a margin.

As a government-owned business, Horizon Power is required under section 9(2) of the *Government Trading Enterprises Act 2023* to act in accordance with prudent commercial practices. A prudent commercial practice is to earn some form of margin to compensate it for its risk.

Part 6 of the *Government Trading Enterprises Act 2023* requires Horizon Power to agree a statement of expectations with the Minister and adopt an annual performance statement. The annual performance statement must contain financial statements, performance objectives and key performance indicators. Horizon Power's annual performance statement includes KPIs that relate to the margin it is expected to earn.

Additionally, consistent with competitive neutrality principles, Horizon Power must not provide itself with a competitive advantage relative to non-government businesses. It would do so if it performed works at cost, with no margin included.

Final Decision: Horizon Power will adopt the change that was proposed to the definition of forecast costs in the Contributions Policy.

3.2 Calculating contribution required

When calculating the contribution that is payable by an applicant, any costs to maintain the safety or reliability of the covered Pilbara network or its ability to provide contracted covered services are taken into account. Horizon Power proposed to clarify that any costs that would otherwise be incurred to maintain the safety or reliability of the covered Pilbara network or its ability to provide contracted covered services are taken into account. APA did not support this amendment.

The proposed amendment was to provide clarity as to which costs would be taken into account when calculating the contribution to be paid. It was not intended to change the intent of the clause.

Some of the projects that are required for new connections in the Pilbara are very significant relative to the size of the existing network. Additional expenditure may be required to maintain safety or reliability because of the project, but these costs would otherwise not be incurred. Existing customers should not bear these additional costs if they would otherwise not be incurred.

Final Decision: Horizon Power will adopt the change that was proposed in the Contributions Policy to calculating the contribution required.

3.3 Threshold for negotiating periodic payments

Horizon Power proposed to increase the threshold above which an applicant could negotiate periodic payments from $25,000 to $10 million. APA did not support the increase in the threshold in the absence of a rationale being provided for the increase.

If a contribution is made through periodic payments, Horizon Power is required to fund the works that are required by that applicant. The Western Australian Government does not support Horizon Power funding works that are required for an applicant to connect to the network if that applicant is the beneficiary of the connection and could reasonably be expected to fund the contribution.

The Western Australian Government may consider exceptions based on the broader economic benefits associated with a particular connection. An increase in the threshold to $10 million is considered to be a reasonable basis for such an exception to be negotiated with the Government.

Final Decision: Horizon Power will adopt the change that was proposed to the threshold in the Contributions Policy for negotiating periodic payments.

3.4 Threshold for changing the period over which contributions are amortised when calculating rebates

Under the current Contributions Policy, if a rebate is payable, the rebate is calculated on the basis that the original contribution is amortised completely in a straight line over 10 years. Horizon Power proposed that this would continue to apply for contributions up to $25 million. However, if the original contribution is over $25 million, Horizon Power proposed that the contribution be amortised over a period that is negotiated based on the term for repayment of the contribution and the remaining life of the asset.

A 10 year amortisation period is generally adopted when calculating rebates. This period is shorter than the economic life of the assets but, in most cases, appropriately balances the administrative complexity of calculating rebates over a longer period of time, and the value of those rebates.

If the contribution is greater than $25 million, the value of potential rebates may justify amortising the contribution over a longer period of time. The amended wording does not require the original contribution to be amortised over a longer period of time, but allows a longer period of time to be considered.

Final Decision: Horizon Power will adopt the change that was proposed to the threshold in the Contributions Policy for changing the period over which contributions are amortised when calculating rebates.

4. USER ACCESS GUIDE

The changes proposed to the User Access Guide are to:

- include references to requirements associated with the Independent System Operator (ISO).
- make minor editorial changes.
- insert the meaning of DSOC. APA noted that, in Table 1.1 (Document meaning), the description of the abbreviation of 'DSOC' is missing.
- amend the definition of 'Competing Offer' to confirm that Horizon Power may make such offers for 'Competing Application' including 'Mutually Exclusive Competing Applications'. APA sought clarification on the meaning of the defined term 'Competing Offer' and whether it includes 'Mutually Exclusive Competing Applications'.

APA supported addition of section 4.6 (Pilbara ISO's Interim Access and Connection Procedure).

Final Decision: Horizon Power will make changes to Table 1.1 and definition of 'Competing Offer' in the User Access Guide.

5. NEXT STEPS

An indicative timetable for the remainder of this review is shown in Table 5.1.

Table 5.1: Indicative timetable for the review

Review stage	Indicative date
Horizon Power publishes final decision	8 March 2024
Horizon Power publishes final documents	No later than 1 April 2024
Second pricing period commences	1 July 2024