



# Schedule 3.8 – Retention and Incentive Programs

April 15, 2024

## 1 Retention and Incentives Programs

2 Liberty's 2024 budget includes \$1.15M for incentives programs. The table below provides the breakdown for  
 3 the various programs, based on current market conditions. Liberty manages these programs at an  
 4 aggregate level and may allocate different amounts to different programs throughout the year, as market  
 5 conditions dictate. While Liberty is not including any monies for the Retention Program in the 2024 budget,  
 6 it will continue to monitor the competitive landscape and may allocate some incentives to the Retention  
 7 Program, should market dynamics evolve. As always, any funds remaining in any retention or incentive  
 8 program at the end of this year will "roll-over" to next year, and be available for Liberty's use, as market  
 9 conditions require.

Table 1  
**Budget per Program**

Residential Incentives	150,000
Commercial Incentives	750,000
Propane Winback	250,000
<b>Total</b>	<b>1,150,000</b>

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11 Liberty resumed its use of its regulated ratepayer funded retention and incentives programs in the last  
 12 quarter of 2021. Prior to this Liberty used the shareholder funded Fuel for the Future Fund ("FFF") to provide  
 13 incentives to customers. Table 2 outlines the FFF spending.

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Table 2  
**Committed Spending per Year**

	Oct - Dec	Jan - Dec	Jan - Sep	Total
	2019	2020	2021	Committed Spending
Residential Incentives		70,123	56,055	126,178
Commercial Incentives		1,629,514	1,341,810	2,971,324
Propane Winback		284,739	624,800	909,539
Retention	87,356	219,388	28,400	335,144
Other Expenditures		527,567	164,788	692,355
<b>Total</b>	<b>87,356</b>	<b>2,731,331</b>	<b>2,215,853</b>	<b>5,034,540</b>

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17 Schedule 8.9 – Continuity Schedules includes the approved regulated amounts which Liberty spent on the  
 18 various programs, including spent amounts as of December 31, 2023.



1 There is currently a significant push toward electrification in Canada and North America. Members of the  
2 energy industry, including electric companies, are realizing that renewables will not meet the required  
3 demand in the future, and thus, the path to net zero must, at the very least, include peaking solutions.  
4 Whether it be natural gas, hydrogen, biofuel, or a combination of these, the gas distribution system will still  
5 be required in the future, including beyond 2050, to balance the electric load and to help meet Net Zero  
6 targets.

7 In Liberty's view, the energy market is being distorted towards complete electrification. Both the provincial  
8 government of New Brunswick and the federal government of Canada have provided significant electric  
9 subsidies, including millions of tax dollars being made available in the most recent federal budget. This  
10 has led to a more competitive energy landscape, with Liberty competing against many times the amount  
11 of incentives<sup>1</sup> in the market from electric companies, as well as competing with propane and other fuel  
12 companies, who are also striving to increase or at least maintain market share.

13 Despite the considerable and exponential increase in electric subsidies, Liberty is only requesting the same  
14 2023 approved amount of \$1.15M in incentive program funds for 2024. Liberty believes this amount is  
15 necessary to influence the market, grow the gas distribution system and react to market challenges, which  
16 are increasing year after year.

17 The amount of incentives Liberty must pay per Gigajoule ("GJ") is also increasing. Under the Fuel for the  
18 Future Fund, Liberty spent \$25-\$30 per GJ to attract load. Upon return to customer funded programs Liberty  
19 sought to be more conservative with its spending and targeted a maximum of \$15 per GJ. This has proven  
20 to be insufficient to move the market. As a result, spending under the customer funded program has  
21 increased up to \$40 per GJ, and this will require Liberty to spend more incentive funds in 2024.

22 In addition to increased competition for market share, Liberty must also contend with the increasing cost  
23 of natural gas due to the federal fuel charge ("Carbon Tax"), which is currently \$65 per tonne of greenhouse  
24 gas ("GHG") emissions, increasing by \$15 per tonne of GHG emissions annually, to \$170 per tonne, in 2030.  
25 Moreover, the Carbon Tax is no longer rebated back to customers on their bill. Instead, rebate cheques will  
26 be provided quarterly by the Federal government, but only to residential customers. Commercial and  
27 industrial customers will no longer be receiving any rebates.

28 Liberty needs the ability to promote and provide these programs to educate customers on their fuel costs  
29 and options, and to provide customers the choice to use the gas distribution system as part of their energy  
30 solution mix now, and in the future. All of this benefits the customer, the utility and the public gas distribution  
31 system.

## 32 **Incentives Program**

33 Liberty is requesting incentive program funds to stimulate existing infill opportunities and attract new  
34 customers. Below are the program guidelines:

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<sup>1</sup> Compared to Liberty's 2024 incentive programs request of \$1.15M.



1 New residential natural gas customers qualify for an incentive of \$3,000, which may be adjusted upwards  
2 or downwards during the year, depending on the equipment being selected for installation. Qualification  
3 requirements include:

- 4 • New natural gas residential customers only
- 5 • Property must currently have access to a natural gas pipeline
- 6 • New home construction or existing home retrofit

7 New and existing commercial natural gas customers will qualify for incentives based on the net revenue  
8 that will be generated over a certain term. Qualification requirements include:

- 9 • New or existing natural gas commercial customers only
- 10 • Property must currently have access to a natural gas pipeline
- 11 • New construction or existing retrofit

12 Customers will sign a form confirming details and provide receipts. Amounts are not payable until after all  
13 appliances are inspected and turned on.

#### 14 **Propane Winback Program**

15 The Propane Winback program is used to recapture lost customers who left the system for a propane  
16 alternative.

17 It is available to qualifying customers who left the system for a propane alternative. Each potential  
18 customer is evaluated individually based on the cost of previous annual consumption as compared to  
19 prevailing market propane prices.

20 Customers will sign a form confirming details and provide receipts. Amounts are not payable until after  
21 all appliances are inspected and turned on.

#### 22 **Reporting for Incentive, Retention and Propane Winback Programs**

23 Liberty will provide a report to the Board quarterly, together with Liberty's quarterly financial statements,  
24 consistent with previous years' submissions.

