



Schedule 3.8 – Retention and Incentive Programs Report

March 3, 2023

1 Retention and Incentives Programs

2 Liberty's 2023 budget includes a \$1.5M amount for retention and incentives programs. The table below
 3 provides the breakdown for the various programs, based on current market conditions. Liberty manages
 4 these programs at an aggregate level and may allocate different amounts to different programs
 5 throughout the year, as market conditions dictate.

Table 1
Budget per Program

Residential Incentives	150,000
Commercial Incentives	1,000,000
Propane Winback	300,000
Retention	50,000
Total	1,500,000

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

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
Total	87,356	2,731,331	2,215,853	5,034,540

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 12 Table 3a includes the approved regulated amounts which Liberty spent on the various programs. The
 13 tables below provide the details for each program, including spent amounts as of September 30, 2022.



Table 3a
Spending per Program

Residential Incentive				
	Budget	TOTAL	Committed	Variance
2017	\$ 100,000	\$ 100,000	\$ 88,250	\$ 11,750
2018	\$ 100,000	\$ 111,750	\$ 136,500	\$ (24,750)
2019	\$ 250,000	\$ 225,250	\$ 152,950	\$ 72,300
2020	\$ -	\$ 72,300	\$ 72,300	\$ (0)
2021	\$ -	\$ (0)	\$ 41,072	\$ (41,072)

Commercial Incentive				
	Budget	TOTAL	Committed	Variance
2017	\$ -	\$ -	\$ -	\$ -
2018	\$ 250,000	\$ 250,000	\$ 31,000	\$ 219,000
2019	\$ 500,000	\$ 719,000	\$ 709,869	\$ 9,131
2020	\$ 100,000	\$ 109,131	\$ 109,131	\$ (0)
2021	\$ -	\$ (0)	\$ 109,420	\$ (109,420)

Propane Winback				
	Budget	TOTAL	Committed	Variance
2017	\$ -	\$ -	\$ -	\$ -
2018	\$ 100,000	\$ 100,000	\$ 20,038	\$ 79,962
2019	\$ 50,000	\$ 129,962	\$ 128,352	\$ 1,610
2020	\$ 50,000	\$ 51,610	\$ 51,610	\$ 0
2021	\$ -	\$ 0	\$ 66,469	\$ (66,468)

Retention				
	Budget	TOTAL	Committed	Variance
2017	\$ 100,000	\$ 100,000	\$ 60,101	\$ 39,899
2018	\$ 100,000	\$ 139,899	\$ 69,003	\$ 70,896
2019	\$ 50,000	\$ 120,896	\$ 91,981	\$ 28,915
2020	\$ -	\$ 28,915	\$ 25,366	\$ 3,549
2021	\$ -	\$ 3,549	\$ -	\$ 3,549

Table 3b
Spending per Program

YTD Sept 2022

Program	Amount
Residential Incentive	\$ 70,240
Commercial Incentive	\$ 311,800
Propane Winback	\$ 270,672
Retention	\$ -
Total	\$ 652,712

Liberty believes that it is in the best interest of the public system to keep ratepayers on the system. Liberty requires retention and incentive programs to protect both the utility and the public system ratepayers from the potential threat from unregulated fuels and electrification.

It is impossible to fully predict volatility in commodity markets. Items such as war or shifts in public policy can cause significant pricing swings. In 2014, Liberty lost approximately 500 customers due to a commodity spike that primarily affected the other natural gas marketers. The price spike only lasted about 4 months but caused immense damage to the remaining ratepayers and to the gas utilities' reputation, which stunted growth for several years until trust could slowly be regained. Retention programs allow Liberty to provide customers with peace of mind during short-term periods of price instability and provide the opportunity to factually show the customer the real annual fuel cost savings or deficit.



1 The Federal government is incenting all New Brunswickers to switch away from all forms of combustion-
2 burning appliances except for wood. Federal government grants from NB Power are being advertised to
3 switch natural gas appliances to electric or wood burning, even though the natural gas burning
4 appliance is better for the environment than burning wood and is often just as clean as electric. Most
5 Liberty customers use natural gas for heating in the winter months, at this time when NB Power often
6 uses fuel oil to run peaking power plants as they cannot provide clean energy in these months. Natural
7 gas is over 1000% cleaner than #2 oil and even more than heavier oils.

8 Mini-splits and electric baseboards are space heaters that do not promote true full building efficiency and
9 create a space that is very difficult to retrofit to take advantage of future improvements in technology.
10 Switching New Brunswickers to a central heating mindset will create sustainable environmental
11 improvement rather than blind switching to electric space heaters. Promotion of Central Heating systems
12 is required to ensure New Brunswickers are gaining true efficiency and can take advantage of future
13 improvements in technology. Liberty requires incentives to encourage customers to switch prior to
14 complete appliance failure. This is required for multiple reasons:

- 15 • Allows customers to start saving money sooner
- 16 • Allows us to reduce carbon emissions quicker
- 17 • Quicker growth while maintaining a positive ROI
- 18 • Customers need help to afford to make the switch when they are ready to move forward
- 19 • Most appliances fail in the winter
- 20 • A failed appliance causes customer hardship
- 21 • Liberty cannot run underground gas lines in the winter

22 Furthermore, beginning July 2023, not only will New Brunswickers be required to pay an additional \$15 per
23 tonne for carbon-emitting products ("Carbon Tax"), but the province will no longer be rebating these
24 charges at the point of sale. Instead, rebate cheques will be provided quarterly by the Federal
25 government. Customers will be facing these increased charges and may look to alternatives to compare
26 costs. However, the incorporation and presentation of the Carbon Tax on customer bills is not consistent
27 across fuel types. For example, this charge is shown as a separate charge for natural gas customers.
28 However, this is not the case for electricity customers. Liberty needs the ability to promote and provide
29 these retention and incentive programs in order to educate customers on their fuel costs and options, all
30 of which benefits the customer, the utility and the public system.

31 **Retention Program**

32 Liberty is again requesting retention program dollars so that it may continue to protect its customer base
33 from additional erosion due to competitive threats. This is available to qualifying MGS, LGS and CGS



1 customers. Each potential customer is evaluated individually based on variables and qualifying conditions
2 which include:

- 3 • Customers must prove that they have been offered a competitive program, in writing;
- 4 • Customers must sign a contract with Liberty for a specified term;
- 5 • Customers must continue to use natural gas for a specified term, or they must return all funds to
6 Liberty.

7 Liberty will evaluate the level of incentive based on the difference of availing natural gas costs compared
8 to using the offered, alternative fuel.

9 MGS customers sign a contract to remain on the system for a minimum of two years. LGS and CGS
10 customers sign a contract to remain on the system for a minimum of one year.

11 . The following is a breakdown of the reasons Liberty has lost customers, by rate class, since 2017.

Table 4
Lost Customer per Rate Class

	2017	2018	2019	2020	2021	YTD Sept 2022
SGS	(68)	(71)	(64)	(60)	(75)	(75)
MGS	(90)	(64)	(56)	(69)	(43)	(46)
LGS	(8)	(1)	(4)	(2)	(3)	(3)
CGS	(1)	0	(1)	(1)	(1)	0
ICGS	0	0	0	0	0	0
OPS	0	0	0	0	0	0
Total	(167)	(136)	(125)	(132)	(122)	(124)
MGS-S	(60)	(37)	(34)	(43)	(29)	(36)
MGS-L	(30)	(27)	(22)	(26)	(14)	(10)
Total MGS	(90)	(64)	(56)	(69)	(43)	(46)
LGS-S	(8)	(1)	(2)	(1)	(3)	(1)
LGS-L	0	0	(2)	(1)	0	(2)
Total LGS	(8)	(1)	(4)	(2)	(3)	(3)

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Table 5
Lost Customer per Classification

	2017	2018	2019	2020	2021	YTD Sept 2022
Redlock	(18)	(22)	(8)	(4)	(7)	(15)
Seasonal Lock	(9)	(14)	(22)	(21)	(24)	(40)
Temp Lock for Renos	(13)	(21)	(10)	(24)	(27)	(33)
Lost Customer - Business closure/Bldg de	(49)	(32)	(34)	(21)	(12)	(18)
Converted to propane	(51)	(29)	(26)	(33)	(13)	(1)
Converted to oil	0	(1)	(2)	(2)	(1)	0
Converted to electricity	(26)	(17)	(22)	(26)	(37)	(17)
Converted to unknown fuels	(1)	0	(1)	(1)	(1)	0
Total	(167)	(136)	(125)	(132)	(122)	(124)
Converted to propane	(51)	(29)	(26)	(33)	(13)	(1)
SGS	(9)	(5)	(7)	(9)	(7)	0
MGS-S	(19)	(11)	(7)	(13)	(4)	0
MGS-L	(20)	(13)	(10)	(11)	(1)	(1)
LGS-S	(3)	0	(1)	0	(1)	0
LGS-L	0	0	0	0	0	0
CGS	0	0	(1)	0	0	0

Table 6
2017 Lost Customer per Classification

	SGS	MGS	LGS	CGS	ICGS	OPS	Total
Redlock	(13)	(5)	0	0	0	0	(18)
Seasonal Lock	(8)	(1)	0	0	0	0	(9)
Temp Lock for Renos	(6)	(7)	0	0	0	0	(13)
Lost Customer - Business closure/Bldg destroyed/meters combined	(20)	(24)	(5)	0	0	0	(49)
Converted to propane	(9)	(39)	(3)	0	0	0	(51)
Converted to oil	0	0	0	0	0	0	0
Converted to electricity	(12)	(13)	0	(1)	0	0	(26)
Converted to unknown fuels	0	(1)	0	0	0	0	(1)
Total	(68)	(90)	(8)	(1)	0	0	(167)

Table 7
2018 Lost Customer per Classification

	SGS	MGS	LGS	CGS	ICGS	OPS	Total
Redlock	(15)	(7)	0	0	0	0	(22)
Seasonal Lock	(10)	(4)	0	0	0	0	(14)
Temp Lock for Renos	(16)	(4)	(1)	0	0	0	(21)
Lost Customer - Business closure/Bldg destroyed/meters combined	(13)	(19)	0	0	0	0	(32)
Converted to propane	(5)	(24)	0	0	0	0	(29)
Converted to oil	0	(1)	0	0	0	0	(1)
Converted to electricity	(12)	(5)	0	0	0	0	(17)
Converted to unknown fuels	0	0	0	0	0	0	0
Total	(71)	(64)	(1)	0	0	0	(136)



Table 8
2019 Lost Customer per Classification

	SGS	MGS	LGS	CGS	ICGS	OPS	Total
Redlock	(6)	(2)	0	0	0	0	(8)
Seasonal Lock	(20)	(2)	0	0	0	0	(22)
Temp Lock for Renos	(5)	(4)	(1)	0	0	0	(10)
Lost Customer - Business closure/Bldg destroyed/meters combined	(10)	(22)	(2)	0	0	0	(34)
Converted to propane	(7)	(17)	(1)	(1)	0	0	(26)
Converted to oil	0	(2)	0	0	0	0	(2)
Converted to electricity	(15)	(7)	0	0	0	0	(22)
Converted to unknown fuels	(1)	0	0	0	0	0	(1)
Total	(64)	(56)	(4)	(1)	0	0	(125)

Table 9
2020 Lost Customer per Classification

	SGS	MGS	LGS	CGS	ICGS	OPS	Total
Redlock	(2)	(2)	0	0	0	0	(4)
Seasonal Lock	(10)	(11)	0	0	0	0	(21)
Temp Lock for Renos	(11)	(12)	(1)	0	0	0	(24)
Lost Customer - Business closure/Bldg destroyed/meters combined	(10)	(9)	(1)	(1)	0	0	(21)
Converted to propane	(9)	(24)	0	0	0	0	(33)
Converted to oil	0	(2)	0	0	0	0	(2)
Converted to electricity	(17)	(9)	0	0	0	0	(26)
Converted to unknown fuels	(1)	0	0	0	0	0	(1)
Total	(60)	(69)	(2)	(1)	0	0	(132)

Table 10
2021 Lost Customer per Classification

	SGS	MGS	LGS	CGS	ICGS	OPS	Total
Redlock	(6)	(1)	0	0	0	0	(7)
Seasonal Lock	(16)	(7)	(1)	0	0	0	(24)
Temp Lock for Renos	(9)	(16)	(1)	(1)	0	0	(27)
Lost Customer - Business closure/Bldg destroyed/meters combined	(6)	(6)	0	0	0	0	(12)
Converted to propane	(13)	0	0	0	0	0	(13)
Converted to oil	(1)	0	0	0	0	0	(1)
Converted to electricity	(29)	(8)	0	0	0	0	(37)
Converted to unknown fuels	(1)	0	0	0	0	0	(1)
Total	(81)	(38)	(2)	(1)	0	0	(122)

Table 11
YTD Sept 2022 Lost Customer per Classification

	SGS	MGS	LGS	CGS	ICGS	OPS	Total
Redlock	(7)	(6)	(2)	0	0	0	(15)
Seasonal Lock	(24)	(15)	(1)	0	0	0	(40)
Temp Lock for Renos	(23)	(10)	0	0	0	0	(33)
Lost Customer - Business closure/Bldg destroyed/meters combined	(8)	(10)	0	0	0	0	(18)
Converted to propane	(1)	0	0	0	0	0	(1)
Converted to oil	0	0	0	0	0	0	0
Converted to electricity	(12)	(5)	0	0	0	0	(17)
Converted to unknown fuels	0	0	0	0	0	0	0
Total	(75)	(46)	(3)	0	0	0	(124)



1 Incentives Program

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

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

- 7 • New natural gas residential customers only
- 8 • Property must currently have access to a natural gas pipeline
- 9 • New home construction or existing home retrofit

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

- 12 • New or existing natural gas commercial customers only
- 13 • Property must currently have access to a natural gas pipeline
- 14 • New construction or existing retrofit

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

17 Propane Winback Program

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

20 It is available to qualifying customers who left the system for a propane alternative. Each potential
21 customer is evaluated individually based on the cost of previous annual consumption as compared to
22 prevailing market propane prices. The table below provides an example of the analysis that will be used
23 to determine eligibility.



Table 12
Calculation Procedure

Line Item	Calculation	Example	Unit
1 Last 12-month NG consumption	History	528	GJ
2 Last 12-month NG distribution cost	Calculated using current rates and Line 1	6,273	\$
3 LUG Commodity	History	8.95	\$/GJ
4 Alternative commodity	Provided by Sales, if available from customer	10	\$/GJ
5 Which commodity is cheaper?	LUG or Alternative	LUG	
6 Last 12 months commodity cost	Line 1 x Line 3 or Line 5	4,726	\$
7 Last 12 months total NG cost	Line 2 + Line 6	10,999	#
8 Propane price	Provided by Sales	0.4	\$/L
9 Last 12 months propane cost	Line 1 x Line 8 x 39.51	8,345	\$
10 Does propane provide savings?	Yes or No	Yes	
11 Savings Amount	If yes, Line 7 – Line 9	2,654	\$
12 Incentive offer calculated	Equal Line 11 if propane provides saving	2,654	\$
13 Payback Year	Line 16 / Line 2	0.4	Year
14 Does this customer payback in less than 1 year	Line 13 less than 1 year?	Yes	
15 Incentive offered?		Yes	
16 Incentive offer to customer	Sales to have discussion with customer	2,700	\$

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- 2 Customers will sign a form confirming details and provide receipts. Amounts are not payable until after
- 3 all appliances are inspected and turned on.
- 4 Liberty will provide a report to the Board quarterly, together with Liberty's quarterly financial statements,
- 5 consistent with previous years' submissions.

