

**Court File No. CV-21-00658423-00CL**

**Just Energy Group Inc. et al.**

**FIRST REPORT OF FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS COURT-APPOINTED MONITOR**

**March 18, 2021**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **JUST ENERGY GROUP INC.**, JUST ENERGY CORP., ONTARIO ENERGY COMMODITIES INC., UNIVERSAL ENERGY CORPORATION, JUST ENERGY FINANCE CANADA ULC, HUDSON ENERGY CANADA CORP., JUST MANAGEMENT CORP., JUST ENERGY FINANCE HOLDING INC., 11929747 CANADA INC., 12175592 CANADA INC., JE SERVICES HOLDCO I INC., JE SERVICES HOLDCO II INC., 8704104 CANADA INC., JUST ENERGY ADVANCED SOLUTIONS CORP., JUST ENERGY (U.S.) CORP., JUST ENERGY ILLINOIS CORP., JUST ENERGY INDIANA CORP., JUST ENERGY MASSACHUSETTS CORP., JUST ENERGY NEW YORK CORP., JUST ENERGY TEXAS I CORP., JUST ENERGY, LLC, JUST ENERGY PENNSYLVANIA CORP., JUST ENERGY MICHIGAN CORP., JUST ENERGY SOLUTIONS INC., HUDSON ENERGY SERVICES LLC, HUDSON ENERGY CORP., INTERACTIVE ENERGY GROUP LLC, HUDSON PARENT HOLDINGS LLC, DRAG MARKETING LLC, JUST ENERGY ADVANCED SOLUTIONS LLC, FULCRUM RETAIL ENERGY LLC, FULCRUM RETAIL HOLDINGS LLC, TARA ENERGY, LLC, JUST ENERGY MARKETING CORP., JUST ENERGY CONNECTICUT CORP., JUST ENERGY LIMITED, JUST SOLAR HOLDINGS CORP. AND JUST ENERGY (FINANCE) HUNGARY ZRT.

(each, an “**Applicant**”, and collectively, the “**Applicants**”)

**FIRST REPORT OF THE MONITOR**

**INTRODUCTION**

1. Pursuant to an Order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated March 9, 2021 (the “**Filing Date**”), Just Energy Group Inc. (“**Just Energy**”) and certain of its affiliates (collectively, the “**Applicants**”) were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended (the “**CCAA**” and in reference to the proceedings, the “**CCAA Proceedings**”).

2. Pursuant to the Initial Order, FTI Consulting Canada Inc. (“**FTI**”) was appointed as Monitor of the Applicants (in such capacity, the “**Monitor**”). A copy of the Initial Order is attached hereto as **Appendix “A”**.
  
3. The Initial Order, among other things:
  - (a) granted a stay of proceedings in favour of the Applicants until and including March 19, 2021 (the “**Stay Period**”);
  - (b) extended the stay of proceeding and other relief to certain limited partnerships that are affiliates of the Applicants listed on Schedule “A” to the Initial Order (collectively with the Applicants, the “**Just Energy Entities**”);
  - (c) provided that, during the Stay Period, all rights and remedies of any foreign regulatory body or agency, provincial energy regulator and provincial regulator of consumer sales that have authority with respect to energy sales, against or in respect of the Just Energy Entities or their respective employees and representatives, or affecting the Business or the Property, are stayed and suspended except with the written consent of the Just Energy Entities and the Monitor, or leave of the Court;
  - (d) approved the debtor-in-possession interim financing facility (the “**DIP Facility**”) in the maximum principal amount of USD\$125 million subject to the terms and conditions set forth in the financing term sheet (the “**DIP Term Sheet**”) between the Just Energy Entities and Alter Domus (US) LLC (the “**DIP Agent**”), as administrative agent for the lenders (the “**DIP Lenders**”) dated March 9, 2021;
  - (e) approved the Applicants’ engagement of BMO Nesbitt Burns Inc. as its financial advisor (in such capacity, the “**Financial Advisor**”) pursuant to the terms of the engagement letter dated February 20, 2021 (the “**Financial Advisor Engagement Letter**”);
  - (f) authorized the Applicants to make certain pre-filing payments with the consent of the Monitor;
  - (g) authorized the Applicants to continue to utilize the Cash Management System;

- (h) granted the following charges with priority over all encumbrances on the Just Energy Entities' property (collectively, the "**Charges**") in the following priorities:
- (i) First – (A) a charge for the benefit of the Monitor, its Canadian and U.S. counsel, and the Applicants' Canadian and U.S. counsel, in the amount of \$2.2 million (the "**Administration Charge**"); and (B) a charge for the benefit of the Financial Advisor in the amount of \$1.8 million (the "**FA Charge**"), on a *pari passu* basis;
  - (ii) Second – a charge for the benefit of the directors and officers of the Just Energy Entities in the aggregate maximum amount of \$30 million (the "**Directors' Charge**"); and
  - (iii) Third – (A) a charge in favour of the DIP Lenders to secure all Obligations (as defined in the DIP Term Sheet) owing thereunder at the relevant time up to the maximum amount of the Obligations (the "**DIP Lenders' Charge**"); and (B) a charge in favour of each Commodity/ISO Supplier that has executed a Qualified Support Agreement in an amount equal to the value of the Priority Commodity/ISO Obligations (the "**Priority Commodity/ISO Charge**"), on a *pari passu* basis;
- (i) required that the Monitor shall provide a report on the value of the Priority Commodity/ISO Obligations as of the last day of each calendar month by posting such report on the Monitor's Website (as defined below) within three Business Days of such calendar month end;
- (j) authorized Just Energy to act as foreign representative and apply for foreign recognition and approval of the CCAA Proceedings in any jurisdiction outside of Canada, including in the United States (the "**U.S.**") pursuant to chapter 15 of title 11 of the United States Code (the "**Chapter 15 Proceedings**"); and
- (k) provided for a hearing (the "**Comeback Hearing**"), scheduled for March 19, 2021 pursuant to the endorsement of the Honourable Justice Koehnen dated March 9, 2021, whereby any interested party that wishes to amend or vary the Initial Order

may appear before the Court upon providing two or more business days' notice to the Service List and any other parties that may be affected.

4. On March 9, 2021, Just Energy, in its capacity as foreign representative, commenced the Chapter 15 Proceedings for each of the Just Energy Entities with the U.S. Bankruptcy Court for the Southern District of Texas (the "**U.S. Court**"). The U.S. Court entered, among others, the *Order Granting Provisional Relief Pursuant to Section 1519 of the Bankruptcy Code* (the "**Provisional Relief Order**").
5. This Report should be read in conjunction with the Affidavit of Michael Carter sworn March 9, 2021 (the "**First Carter Affidavit**"), the Affidavit of Michael Carter sworn March 16, 2021 (the "**Second Carter Affidavit**") and the Affidavit of Margaret Munnelly sworn March 16, 2021 (the "**Munnelly Affidavit**"), all of which are accessible on the Monitor's Website.
6. A detailed summary of the events leading to the Applicants' application to the Court for the Initial Order, including information about the Just Energy Entities was set out in the Pre-Filing Report of the Proposed Monitor dated March 9, 2021 (the "**Pre-Filing Report**"), a copy of which is attached hereto as **Appendix "B"**.
7. All references to monetary amounts in this First Report of the Monitor (the "**First Report**") are in Canadian dollars unless otherwise noted.
8. Further information regarding the CCAA Proceedings, including the Initial Order and all materials publicly filed in connection with these proceedings, are available on the Monitor's website at <http://cfcanada.fticonsulting.com/justenergy/> (the "**Monitor's Website**").

## **PURPOSE**

9. The purpose of this First Report is to provide information to the Court with respect to the following:
  - (a) the Monitor's activities since the Filing Date;

- (b) an update on certain developments in the CCAA Proceedings since the Filing Date, including in respect of the Chapter 15 Proceedings;
- (c) the Just Energy Entities' actual cash receipts and disbursements for the 6-day period ending March 14, 2021 in comparison to the Daily Forecast and Weekly Forecast (both as defined in the Pre-Filing Report, and collectively, the "**Cash Flow Forecast**") attached as Appendix "A" to the Pre-Filing Report;
- (d) the relief sought by the Applicants in their proposed Amended and Restated Initial Order (the "**A&R Initial Order**"), including, among other things:
  - (i) extending the Stay Period in favour of the Just Energy Entities up to and including June 4, 2021;
  - (ii) approving payment of the Q3 Bonuses (as defined below) by the Just Energy Entities;
  - (iii) approving the proposed KERP and KERP Charge (as each term is defined below);
  - (iv) increasing the amount of the Administration Charge, the FA Charge and the Directors' Charge;
  - (v) granting a charge on the Property (the "**Cash Management Charge**") in favour of those present and future banks (the "**Cash Management Banks**") that provide the Just Energy Entities with a central cash management system (the "**Cash Management System**") as security for all present and future indebtedness, liabilities and obligations to a Cash Management Bank in connection with the Cash Management, which may be limited to an aggregate amount to be determined;
  - (vi) confirming that any obligations secured by a valid, enforceable and perfected security interest shall continue to be secured by the Property including any Property acquired after the date of the applicable security agreement; and
  - (vii) authorizing the Just Energy Entities to post cash collateral; and

- (e) the Monitor's recommendations in respect of the foregoing, as applicable.

## TERMS OF REFERENCE AND DISCLAIMER

10. In preparing this First Report, the Monitor has relied upon audited and unaudited financial information of the Just Energy Entities, the Just Energy Entities' books and records, and discussions and correspondence with, among others, management of ("**Management**") and advisors to the Just Energy Entities as well as other stakeholders and their advisors (collectively, the "**Information**").
11. Except as otherwise described in this First Report:
- (a) the Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*; and
  - (b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this First Report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*.
12. Future-oriented financial information reported in or relied on in preparing this First Report is based on assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.
13. The Monitor has prepared this First Report in connection with the Comeback Hearing and the relief requested by the Applicants in the A&R Initial Order, including an extension to the Stay Period, approval to pay the Q3 Bonuses, approval of the proposed KERP and the KERP Charge, approval of the proposed Cash Management Charge, and approval of the revised amounts of the Administration Charge, the FA Charge and the Directors' Charge. The First Report should not be relied on for any other purpose.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.



15. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Initial Order or the First Carter Affidavit, as applicable.

#### **MONITOR'S ACTIVITIES SINCE ITS APPOINTMENT**

16. Since the Filing Date, management of the Just Energy Entities, legal and financial advisors to the Just Energy Entities, and the Monitor have worked closely with various stakeholder groups to stabilize the business with the goal of ensuring continued and uninterrupted day-to-day operations. To date, Management has provided the Monitor with their full cooperation and all necessary access to the Just Energy Entities' books, records, and personnel.
17. In accordance with its duties as outlined in the Initial Order and its prescribed rights and obligations under the CCAA, the activities of the Monitor since its appointment on March 9, 2021 have included the following:
  - (a) assisting the Just Energy Entities with communications to employees, creditors, vendors, and other stakeholders;
  - (b) engaging Omni Agent Solutions (“**Omni**”) as its noticing agent for the purpose of providing administrative services to the Monitor;
  - (c) causing to be sent in accordance with the CCAA, with the assistance of Omni, a notice in the prescribed manner to every known creditor with a claim against the Just Energy Entities in excess of \$1,000 (which included over 340 parties), and also making this notice available on the Monitor's Website;
  - (d) publishing initial newspaper notices containing the information prescribed by the CCAA in both the *Wall Street Journal* and *The Globe and Mail* (National Edition) on March 11 and 12, 2021, respectively. These notices will be published again in the same newspapers on March 18 and 19, 2021, respectively;
  - (e) posting the Initial Order, a list of known creditors of the Just Energy Entities (excluding personal information of individuals), and other publicly available documents to the Monitor's Website;

- (f) establishing a dedicated email address and phone numbers for the Monitor to be used by stakeholders who may have questions with respect to the CCAA Proceedings. To date, the Monitor has responded to approximately thirty-five inquiries received via its dedicated email address and phone numbers;
- (g) participating in regular discussions with the Just Energy Entities, their respective legal counsel and other advisors, regarding, among other things, the CCAA Proceedings, communications with stakeholders, restructuring alternatives and relief being sought in the A&R Initial Order;
- (h) participating in discussions with the DIP Agent and its counsel;
- (i) participating in discussions with the Credit Facility Lenders (as defined below), their advisors and counsel;
- (j) responding to enquiries from stakeholders and participating in discussions with certain stakeholders;
- (k) maintaining the Service List with the assistance of Thornton Grout Finnigan LLP, counsel for the Monitor in the CCAA Proceedings, a copy of which is posted on the Monitor's Website;
- (l) monitoring the receipts and disbursements of the Just Energy Entities;
- (m) working with the Applicants and certain stakeholders to determine the appropriate amounts of pre-filing payments;
- (n) working with the Just Energy Entities to ensure appropriate accounting for post-filing obligations;
- (o) working with the Just Energy Entities and their advisors to provide stakeholders with financial and other information;
- (p) reviewing the proposed KERP;
- (q) reviewing the nature and quantum of the Q3 Bonuses and the employees to which it would be payable by the Just Energy Entities if approved by the Court; and
- (r) preparing this First Report.

## **CHAPTER 15 PROCEEDINGS**

18. On March 9, 2021, Just Energy, as foreign representative of itself and the other Applicants in the Chapter 15 Proceedings, sought and obtained the Provisional Relief Order, pursuant to which the Initial Order was recognized and given full force in the U.S.
19. In granting the Provisional Relief Order, Judge Isgur of the U.S. Court, in his oral remarks, thanked the Canadian Court for granting the Initial Order, noted that the Initial Order would be granted full respect and comity, and stated that he would not detract from any rights granted under the Initial Order.
20. Judge Isgur expressed some concern about the binding effect of any order of the Canadian Court on ERCOT, on the grounds that this may constitute foreign control over a U.S. governmental entity, which may be a violation of U.S. public policy. Judge Isgur reserved his judgment and specifically retained the jurisdiction of the U.S. Court in respect of any U.S. government entities and any U.S. public policy issues.

## **SUPPORT AGREEMENTS**

21. Since the Filing Date, the Applicants have been in discussions with certain of its Commodity Suppliers with a view to entering into Qualified Support Agreements. Those discussions remain ongoing. One Secured Supplier has delivered a notice of termination to the Just Energy Entities.
22. The Applicants are currently in discussions with the Credit Facility Lenders with respect to the terms of a lender support agreement. Those discussions remain ongoing as of the filing of this First Report. The Monitor also understands that the Applicants are in discussions with the DIP Agent and DIP Lenders to negotiate an amendment to the DIP Term Sheet that, among other things, will address the support agreement with the Credit Facility Lenders. At the time of filing of this Report, it is not clear to the Monitor whether consensus will be achieved among the Credit Facility Lenders, the DIP Agent and DIP Lenders with respect to the lender support agreement, in which case the Monitor understands that the Applicants may be filing a different form of A&R Initial Order. If a different form of A&R Initial Order is filed, the Monitor will comment on same either as part of a supplemental report to the Court or during submissions at the Comeback Hearing.

## RELIEF SOUGHT IN THE PROPOSED A&R INITIAL ORDER

### Q3 Bonuses

23. The Applicants are seeking authority to pay certain bonuses (the “**Q3 Bonuses**”) pertaining to the third quarter of fiscal 2021 ended December 31, 2020 that were declared and approved by Just Energy’s board of directors (the “**Board**”) on February 10, 2021, prior to the Texas weather event and this CCAA filing.
24. As described in the Munnely Affidavit, in February 2020, the Board developed a quarterly bonus plan commencing in the fourth quarter of Fiscal 2020. For fiscal 2021, commencing April 1, 2020, the Board developed a new Quarterly Short-Term Incentive Bonus Plan (the “**Bonus Plan**”) for (i) regular full-time employees in North America who do not qualify for any other quarterly variable bonus or commission plan (the “**Eligible Employees**”) and (ii) certain executives (not including Just Energy’s CEO) (the “**Eligible Executives**”).
25. The Eligible Employees that are entitled to the Q3 Bonuses include approximately 400 employees (which include, but are not limited to, rank and file employees outside of sales, such as legal, operations, human resources, information technology and finance). The average bonus for such Eligible Employees is approximately \$6,500, which is a material amount for many such employees. The Eligible Employees do not include any executive employees. Bonus payments for Eligible Employees are contingent on achieving certain minimum base EBITDA targets for each quarter, with the specific bonus payment to individuals varying based on their contractual terms as well as their individual performance rating in the relevant period.
26. There are eight Eligible Executives entitled to the Q3 Bonuses. The bonus plan for Eligible Executives is an incentive bonus plan based on both quarterly and annual performance of the Just Energy Entities.
27. The Board set a maximum permitted payout for the Q3 Bonuses in the approximate amount of \$3.23 million. On February 10, 2021, the Board approved approximately \$3.18 million in Q3 Bonuses on the recommendation of the Compensation Committee. Eligible

Employees and Eligible Executives are aware that the Just Energy Entities exceeded the base EBITDA target set for the Q3 Bonuses. The Q3 Bonuses were fully earned prior to the commencement of the CCAA Proceedings. Eligible Employees will receive approximately 86% of the total Q3 Bonus amounts to be paid.

28. Considering that the Q3 Bonuses were earned based on the financial results announced prior to the commencement of the CCAA Proceedings and that such bonuses form part of the compensation payable to the affected employees as wages, and considering the impact on employee morale and productivity if such bonuses are not paid, the Monitor supports the payment of the Q3 Bonuses.

KERP

29. The Applicants are seeking approval of a key employee retention plan and key employee incentive plan (the “**KERP**”) and the granting of a Court-ordered charge in the maximum amounts of \$2,012,100 and US\$3,876,024 (the “**KERP Charge**”) as security for payments under the KERP. While the First Carter Affidavit described the terms of the KERP initially developed by the Applicants, the Applicants have since revised the KERP in consultation with the Monitor. An overview of the KERP that includes certain personal information is attached as Confidential Exhibit “O” to the Second Carter Affidavit.<sup>1</sup>
30. The KERP is comprised of two categories based on type of recipient:
- (a) Non-Executive KERP Recipients: Non-executive KERP recipients are entitled to receive: (i) 40% of their total KERP on the 180<sup>th</sup> day after the Filing Date; (ii) 40% of their total KERP on the 270<sup>th</sup> day after the Filing Date; and (iii) 20% of their total KERP upon the earlier of 15 months after the Filing Date or the completion of a Successful Restructuring (as defined below). However, if a Successful Restructuring occurs before the date on which the first or second KERP payments are due, the full amount of the remaining KERP payments will become payable; and

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<sup>1</sup> The Monitor notes that 42 employees are proposed recipients of the KERP, which includes nine executives. Save and except for three employees, all of these employees are also entitled to receive their earned Q3 Bonuses.

- (b) Executive KERP Recipients: Executive KERP recipients are entitled to receive: (i) 25% of their total KERP on the 180<sup>th</sup> day after the Filing Date; (ii) 25% of their total KERP on the 270<sup>th</sup> day after the Filing Date; and (iii) 50% of their total KERP only upon the completion of a Successful Restructuring. However, if a Successful Restructuring is completed before September 30, 2021, any remaining KERP payments for the executive KERP recipients will be paid on September 30, 2021.

31. A “**Successful Restructuring**” is defined in the Second Carter Affidavit as follows:

- (a) a transaction or series of transactions that addresses the Just Energy Entities’ existing liquidity challenges and pursuant to which the Just Energy Entities:
  - (i) acquires, extinguishes, exchanges or otherwise eliminates material outstanding obligations of the Just Energy Entities, being material amounts due to suppliers/hedge counterparties/service providers and/or debt (collectively, the “**Obligations**”) with the holders of such Obligations receiving as consideration for the reduction in such Obligations, an equity interest in the Just Energy Entities or entity that will continue the business of the Just Energy Entities; or
  - (ii) sells or transfers all or substantially all of its assets to an acquiring entity (the “**Acquirer**”); or
  - (iii) the Acquirer acquires control (>50%) of the voting interest in Just Energy’s shares; or
  - (iv) Just Energy merges with another entity or Just Energy acquires another entity, in each case not related to any of the Just Energy Entities (collectively, a “**Recapitalization Transaction**”); or
- (b) a transaction or series of transactions that addresses the Just Energy Entities’ existing liquidity challenges by completing a material financing for cash proceeds, which transaction(s) are not otherwise captured in the transactions set out in (a) above, and for certainty excludes any debtor-in-possession or interim financing approved during the CCAA Proceedings (a “**Financing**”); or

- (c) any combination of a Recapitalization Transaction and Financing transaction that addresses the Just Energy Entities' existing liquidity challenges.
32. The Applicants are also seeking the KERP Charge, which, if granted, would rank in priority to the DIP Lenders' Charge and Priority Commodity/ISO Charge, and behind the Administration Charge, the FA Charge and the Directors' Charge.
33. The Monitor has carefully reviewed the terms and quantum of the KERP and proposed KERP Charge, along with those individuals intended as beneficiaries of the proposed KERP.
34. The Monitor is of the view that both the non-executive and executive KERP recipients are critical to achieving a successful going concern solution and the KERP will mitigate the risk of employee attrition at this critical juncture for the Just Energy Entities. Additionally, the performance-based structure for the executive KERP recipients will ensure that such individuals are motivated to achieve a Successful Restructuring. Further, the Monitor is of the view that the quantum of the proposed KERP is reasonable, having compared it to other Court-approved KERP programs in other U.S. and Canadian restructuring cases.
35. For the foregoing reasons, the Monitor supports the Court's approval of the KERP and granting of the KERP Charge.

Amendments to the Charges

36. The charges in the Initial Order were intended to capture the maximum liability under such charges during the initial ten day Stay Period. Therefore, considering the proposed extension of the Stay Period, the Applicants are seeking increases to the Administration Charge, the FA Charge and the Directors' Charge in the proposed A&R Initial Order.
37. The proposed A&R Initial Order increases (i) the Administration Charge from \$2.2 million to \$3 million, (ii) the FA Charge from \$1.8 million to \$8.6 million, and (iii) the Directors' Charge from \$30 million to \$44.1 million.
38. As mentioned above, the initial quantum of the Administration Charge was based on estimated maximum liability during the initial ten day Stay Period. Therefore, the proposed

increase reflects additional amounts that may be owing to the various advisors covered by the Administration Charge for a longer period.

39. The FA Charge includes the work fee and success fee that may be payable to the Financial Advisor. Under the Financial Advisor Engagement Letter, the Financial Advisor is entitled to a completion fee if the Just Energy Entities enter into a recapitalization transaction as part of the CCAA Proceedings. Accordingly, the Applicants are seeking an increase to the FA Charge to account for such fees that may become payable.
40. The Applicants are also seeking an increase in the quantum of the Directors' Charge to \$44.1 million to account for the estimated potential maximum liability of the Just Energy Entities' directors and officers since the Filing Date, assuming that the Q3 Bonuses are paid. The \$44.1 million charge is comprised of estimated potential maximum liability of \$5.2 million in Canada and \$38.9 million in the U.S., and significant components of the \$44.1 million Directors' Charge include, but are not limited to, the following: (i) \$30.8 million under U.S. laws in respect of U.S. sales taxes; (ii) Canadian and U.S. wages and payroll-related amounts of \$6.3 million; and (iii) \$3.9 million under U.S. laws in respect of U.S. state income taxes. The Monitor is of the view that the amount of the Directors' Charge is reasonable in the circumstances due to the quantum of potential liability in both Canada and the U.S.

*Authority to Post Cash Collateral*

41. The Applicants are seeking the authority to, with the consent of the Monitor, provide cash collateral (the "**Authorized Cash Collateral**") to third parties (the "**Collateral Recipients**") with respect to obligations incurred before, on, or after the Filing Date. Additionally, the Applicants are seeking the authority to grant security interests in such Authorized Cash Collateral in favour of the Collateral Recipients, which shall not be subject to the Charges.
42. The Monitor understands that, given the highly regulated markets in which Just Energy Entities operate, it is within the ordinary course of business for regulators to require that the Just Energy Entities post cash collateral from time to time. In addition, certain bonding companies have issued surety bonds to third parties on behalf of the Just Energy Entities



and those bonding companies can demand that the Just Energy Entities post collateral. Failing to post collateral demanded by bonding companies may result in the cancellation of certain bonds, which in turn may trigger the suspension or cancellation of licenses necessary to operate, and the suspension or cancellation of all services including commodity delivery services provided by local distribution companies. As such, in order to avoid any disruption to their business that would result from the failure to post cash collateral when required, the Applicants are seeking the authority to provide Authorized Cash Collateral to the Collateral Recipients.

43. Given that any such payments require the consent of the Monitor, and that the Monitor will diligently review any such requests, the Monitor supports this relief being granted in the A&R Initial Order.

Cash Management Charge

44. The Applicants are seeking the authority to grant the Cash Management Charge in favour of the Cash Management Banks, which may be limited to an amount to be determined by the Applicants prior to the Comeback Hearing. The proposed Cash Management Charge would rank subordinate to all other Court-ordered charges, being the Administration Charge, the FA Charge, the Directors' Charge, the KERP Charge (if granted), the DIP Lenders' Charge, and the Priority Commodity/ISO Charge.
45. The Cash Management Charge has been developed by the Applicants in consultation with the Cash Management Banks, the DIP Lenders and the Monitor, and the Monitor supports this relief being granted in the A&R Initial Order.

Pre-Filing Security Interests

46. In the A&R Initial Order, the Applicants are also seeking confirmation from the Court that any valid, enforceable and perfected security interest granted by the Just Energy Entities be secured against any property acquired by the Just Energy Entities after the commencement of the CCAA Proceedings. The Monitor understands that certain secured creditors of the Just Energy Entities have raised concerns about whether their pre-filing

security interest attaches to such after-acquired property and have requested that the Applicants seek this confirmation in the A&R Initial Order.

47. The Monitor views this request as reasonable and supports the requested relief.

*Extension of the Stay Period*

48. The Stay Period will expire on March 19, 2021, and the Applicants are seeking an extension to the Stay Period up to and including June 4, 2021.

49. The Monitor supports extending the Stay Period to June 4, 2021 for the following reasons:

- (a) during the proposed extension of the Stay Period, the Applicants will have an opportunity to consider restructuring alternatives in an effort to achieve a going concern solution in consultation with the Financial Advisor and the Monitor;
- (b) the Monitor is of the view that the proposed extension to the Stay Period is necessary to give the Just Energy Entities the flexibility required in order to have the best possible chance to implement a successful restructuring;
- (c) as indicated by the Cash Flow Forecast, the Just Energy Entities are forecast to have sufficient liquidity to continue operating in the ordinary course of business during the requested extension of the Stay Period;
- (d) no creditor of the Just Energy Entities would be materially prejudiced by the extension of the Stay Period; and
- (e) the Applicants have acted in good faith and with due diligence in the CCAA Proceedings since the Filing Date.

## CASH FLOW FORECAST

50. The Just Energy Entities' actual net cash flow for the 6-day period from the Filing Date to March 14, 2021, was approximately \$22.8 million better than the Cash Flow Forecast as summarized below:

<i>(CAD\$ in millions)</i>	<b>Forecast</b>	<b>Actuals</b>	<b>Variance</b>
<b>RECEIPTS</b>			
Sales Receipts	\$28.6	\$36.0	\$7.4
Miscellaneous Receipts	-	-	-
<i>Total Receipts</i>	\$28.6	\$36.0	\$7.4
<b>DISBURSEMENTS</b>			
<i>Operating Disbursements</i>			
Energy and Delivery Costs	(\$172.1)	(\$158.7)	\$13.4
Payroll	-	(0.4)	(0.4)
Taxes	(0.1)	0.4	0.5
Commissions	(2.2)	-	2.2
Selling and Other Costs	(3.2)	(1.3)	1.9
<i>Total Operating Disbursements</i>	(\$177.6)	(\$160.1)	\$17.5
<b>OPERATING CASH FLOWS</b>	<b>(\$149.0)</b>	<b>(\$124.1)</b>	<b>\$24.9</b>
<i>Financing Disbursements</i>			
Credit Facility - Borrowings / (Repayments)	\$126.0	\$126.0	\$ -
Interest Expense & Fees	(3.2)	(3.2)	(0.0)
<i>Restructuring Disbursements</i>			
Professional Fees	-	(2.1)	(2.1)
<b>NET CASH FLOWS</b>	<b>(\$26.2)</b>	<b>(\$3.4)</b>	<b>\$22.8</b>
<b>CASH</b>			
Beginning Balance	\$77.3	\$81.1	\$3.7
Net Cash Inflows / (Outflows)	(26.2)	(3.4)	22.8
Other (FX)	-	-	-
<b>ENDING CASH</b>	<b>\$51.2</b>	<b>\$77.7</b>	<b>\$26.5</b>

51. Explanations for the key variances in actual receipts and disbursements as compared to the Cash Flow Forecast are as follows:
- (a) the favourable variance of approximately \$7.4 million in Sales Receipts is comprised of the following:

- (i) a favourable variance of approximately \$3.4 million due to the receipt of payments from U.S. residential customers earlier than contemplated in the Cash Flow Forecast;
  - (ii) a favourable variance of approximately \$5.1 million due to the receipt of payments from U.S. commercial customers earlier than contemplated in the Cash Flow Forecast; and
  - (iii) an unfavourable variance of approximately \$1.1 million pertaining to forecast sales receipts from Canadian residential and commercial customers as contemplated in the Cash Flow Forecast that were not received;
- (b) the favourable variance of approximately \$13.4 million for energy and delivery costs as compared to the Cash Flow Forecast is driven primarily by timing variances that are expected to reverse in future periods as well as ERCOT resettlement invoices that were approximately \$6.3 million lower than expected. With respect to the ERCOT resettlement invoices pertaining to the Texas weather event, the Monitor understands that the Applicants will not have confirmation of the full ERCOT resettlement amounts and invoices that are required to be paid until ERCOT issues an “RTM Final Statement” on the 55<sup>th</sup> day following each operating day during the Texas weather event. The Monitor further understands that ERCOT may also issue an “RTM True-Up Statement” at the end of the 180<sup>th</sup> day following each operating day;
- (c) the Cash Flow Forecast contemplated payments to ERCOT with respect to resettlement invoices totalling approximately \$151.4 during the 6-day period. Actual payments of approximately \$121.3 million and \$23.8 million (combined total of approximately \$145.1 million) were made on March 9, 2021 and March 10, 2021, respectively. Additional payments made to ERCOT with respect to the Texas weather event resettlement invoices prior to the Filing Date totalled approximately \$88.1 million;
- (d) the unfavourable variance of approximately \$0.4 million for payroll is due to the payment of certain employee benefits and related expenses, which were expected to be paid prior to, but were actually processed subsequent to, the Filing Date;

- (e) the favourable variance of approximately \$0.5 million for taxes is a timing variance that is expected to reverse in future periods as sales taxes and other taxes are remitted as required to the appropriate taxation authority for the various jurisdictions in which the Applicants operate in both the U.S. and Canada;
  - (f) the favourable variance of approximately \$2.2 million for commissions represents a timing variance that is expected to reverse in future periods as commissions are paid;
  - (g) the favourable variance of approximately \$1.9 million for selling and other costs represents a timing variance that is expected to reverse in future periods;
  - (h) the unfavourable variance of approximately \$2.1 million for professional fees is due to the payment of certain professional fee invoices earlier than forecast. These invoices paid were also approximately \$1 million higher than forecast primarily due to the additional fees incurred with respect to the extensive negotiation and finalization of various support agreements and the DIP Facility; and
  - (i) the favourable variance of approximately \$3.7 million in the opening cash balance is due to the timing of certain receipts and disbursements and is expected to reverse in future periods.
52. As contemplated in the Cash Flow Forecast and upon issuance of the Initial Order, the Just Energy Entities successfully made an initial draw on the DIP Facility of approximately \$126.0 million. These funds were primarily used to fund the required payments to ERCOT.

## **INTERCREDITOR DISPUTE**

53. As described in the First Carter Affidavit, an intercreditor agreement (the “**Intercreditor Agreement**”) was entered into between certain secured commodity suppliers (the “**Secured Suppliers**”), the agent for the lenders under the ninth amended and restated credit agreement dated September 28, 2020 (the “**Credit Facility Lenders**”) and certain Just Energy Entities. The Intercreditor Agreement sets out the relative priority of the parties’ security interests.

54. The Intercreditor Agreement contains a waterfall that provides (i) accounts payable owing to the Secured Suppliers rank first (i.e. Tier 1); (ii) the “mark to market” liability owing to the Secured Suppliers, the amounts owing to the Credit Facility Lenders and amounts owing to the providers under the ISO Agreements up to a cap of US\$75 million rank second on a *pari passu* basis (i.e. Tier 2); and (iii) amounts owing to the providers under the ISO Agreements above the US\$75 million cap rank third (i.e. Tier 3).
55. As mentioned in the First Carter Affidavit, on March 4, 2021, Just Energy was advised by the BP Energy Company (“BP”), a Secured Supplier and a party to the Intercreditor Agreement, that it disagreed with Just Energy’s characterization of certain amounts due to BP from Just Energy as Tier 2 and Tier 3 obligations and that it considered such amounts to be Tier 1 obligations. The following day the Applicants advised BP that they considered any dispute regarding the ranking of amounts due to BP to be an intercreditor dispute among the secured parties to the Intercreditor Agreement (the “**Intercreditor Dispute**”) and accordingly they did not intend to take a position on the Intercreditor Dispute.
56. The Monitor has engaged in discussions with the Applicants and intends to work with the Applicants, BP, the Credit Facility Lenders, and any other interested stakeholder, to understand and help resolve the Intercreditor Dispute. The Monitor has not taken a position on the Intercreditor Dispute. The Monitor intends to develop and propose a process for the timely and efficient resolution of the Intercreditor Dispute and will report to the Court as this process is developed.

## CONCLUSION

57. The Monitor is of the view that the relief requested by the Just Energy Entities pursuant to the proposed A&R Initial Order is necessary, reasonable and justified in the circumstances.
58. Accordingly, the Monitor respectfully recommends that the Just Energy Entities’ request for the proposed relief be granted.

The Monitor respectfully submits to the Court this First Report dated this 18th day of March, 2021.

**FTI Consulting Canada Inc.,**  
in its capacity as Court-appointed Monitor of  
Just Energy Group Inc. et al., and not in its  
personal or corporate capacity

A handwritten signature in cursive script that reads "Paul Bishop". The signature is written in black ink on a light-colored background.

---

Per: Paul Bishop  
Senior Managing Director

# **APPENDIX “A”**

Initial Order dated March 9, 2021



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DATED AT TORONTO THIS 9<sup>TH</sup> DAY OF MARCH 20 21  
AT A TORONTO LE

DAY OF MARCH 20 21  
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Court File No. CV-21-00658423-00CL

REGISTRAR

ONTARIO  
GREFFIER

**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. )

TUESDAY, THE 9TH

JUSTICE KOEHNEN )

DAY OF MARCH, 2021

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **JUST ENERGY GROUP INC.**, JUST ENERGY CORP., ONTARIO ENERGY COMMODITIES INC., UNIVERSAL ENERGY CORPORATION, JUST ENERGY FINANCE CANADA ULC, HUDSON ENERGY CANADA CORP., JUST MANAGEMENT CORP., JUST ENERGY FINANCE HOLDING INC., 11929747 CANADA INC., 12175592 CANADA INC., JE SERVICES HOLDCO I INC., JE SERVICES HOLDCO II INC., 8704104 CANADA INC., JUST ENERGY ADVANCED SOLUTIONS CORP., JUST ENERGY (U.S.) CORP., JUST ENERGY ILLINOIS CORP., JUST ENERGY INDIANA CORP., JUST ENERGY MASSACHUSETTS CORP., JUST ENERGY NEW YORK CORP., JUST ENERGY TEXAS I CORP., JUST ENERGY, LLC, JUST ENERGY PENNSYLVANIA CORP., JUST ENERGY MICHIGAN CORP., JUST ENERGY SOLUTIONS INC., HUDSON ENERGY SERVICES LLC, HUDSON ENERGY CORP., INTERACTIVE ENERGY GROUP LLC, HUDSON PARENT HOLDINGS LLC, DRAG MARKETING LLC, JUST ENERGY ADVANCED SOLUTIONS LLC, FULCRUM RETAIL ENERGY LLC, FULCRUM RETAIL HOLDINGS LLC, TARA ENERGY, LLC, JUST ENERGY MARKETING CORP., JUST ENERGY CONNECTICUT CORP., JUST ENERGY LIMITED, JUST SOLAR HOLDINGS CORP. AND JUST ENERGY (FINANCE) HUNGARY ZRT.  
(each, an "Applicant", and collectively, the "Applicants")

**INITIAL ORDER**

**THIS APPLICATION**, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), was heard this day by judicial videoconference via Zoom in Toronto, Ontario due to the COVID-19 pandemic.

**ON READING** the affidavit of Michael Carter sworn March 9, 2021 and the Exhibits thereto (the "**Carter Affidavit**"), the pre-filing report of the proposed monitor, FTI Consulting

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DATED AT TORONTO THIS 9<sup>TH</sup> DAY OF MARCH 20 21  
 FAIT À TORONTO LE 9<sup>TH</sup> JOUR DE MARCH 20 21

*J. Maynard*  
 REGISTRAR  
 GREFFIER

Canada Inc. (“**FTI**”), dated March 9, 2021 (the “**Pre-Filing Report**”), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and the partnerships listed in Schedule “A” hereto (the “**JE Partnerships**”, and collectively with the Applicants, the “**Just Energy Entities**”), FTI, Alter Domus (US) LLC (the “**DIP Agent**”), as administrative agent for the lenders (the “**DIP Lenders**”) under the DIP Term Sheet (as defined below) and such other counsel who were present, and on reading the consent of FTI to act as the monitor (the “**Monitor**”),

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

### **DEFINED TERMS**

2. **THIS COURT ORDERS** that capitalized terms that are used in this Order shall have the meanings ascribed to them in Schedule “B” hereto or the Carter Affidavit, as applicable, if they are not otherwise defined herein.

### **APPLICATION**

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Although not Applicants, the JE Partnerships shall enjoy the benefits of the protections and authorizations provided by this Order.

### **POSSESSION OF PROPERTY AND OPERATIONS**

4. **THIS COURT ORDERS** that the Just Energy Entities shall remain in possession and control of their respective current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Just Energy Entities shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Just Energy Entities shall each be authorized and empowered to continue to retain and employ the employees, contractors, staffing agencies, consultants, agents, experts, accountants, counsel and

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DATED AT TORONTO THIS 9TH DAY OF MARCH 20 21  
 FAIT À TORONTO LE 9 MARS 2021

such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that:

- (a) the Just Energy Entities shall be entitled to continue to utilize the central cash management system currently in place as described in the Carter Affidavit or, with the consent of the DIP Agent, replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System (a “**Cash Management Bank**”) shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Just Energy Entities of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Just Energy Entities, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any plan of compromise or arrangement with regard to Cash Management Obligations. All present and future indebtedness, liabilities and obligations of any and every kind, nature or description whatsoever to a Cash Management Bank under, in connection with, relating to or with respect to any and all agreements evidencing treasury facilities and cash management products (including, for greater certainty, all pre-authorized debit banking services, electronic funds transfer services and overdraft balances) provided by a Cash Management Bank to any Just Energy Entity, and any unpaid balance thereof, are collectively referred to herein as the “**Cash Management Obligations**”;
- (b) during the Stay Period (as defined below), no Cash Management Bank shall, without leave of this Court: (i) exercise any sweep remedy under any applicable documentation (provided, for greater certainty, that the cash pooling and zero-balancing account services provided with respect to the JPMorgan accounts held by the U.S. Bank

*[Handwritten signature: M. Masjodski]*  
 GREFFIER

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DATED AT TORONTO THIS 9<sup>TH</sup> DAY OF MARCH 20 21  
 FAIT A TORONTO LE 9<sup>TH</sup> JOUR DE MARCH 20 21

REGISTRAR: *M. Margolis*  
 GREFFIER: \_\_\_\_\_

Account Holders (as defined in the Carter Affidavit) may continue in the ordinary course); or (ii) exercise or claim any right of set-off against any account included in the Cash Management System;

- (c) any of the Cash Management Banks may rely on the representations of the applicable Just Energy Entities with respect to whether any cheques or other payment order drawn or issued by the applicable Just Energy Entity prior to the date of this Order should be honoured pursuant to this or any other order of this Court, and such Cash Management Bank shall not have any liability to any party for relying on such representations by the applicable Just Energy Entities as provided for herein; and
- (d) (i) those certain existing deposit agreements between the Just Energy Entities and the Cash Management Banks shall continue to govern the post-filing cash management relationship between the Just Energy Entities and the Cash Management Banks, and that all of the provisions of such agreements shall remain in full force and effect, (ii) either any of the Just Energy Entities, with the consent of the Monitor, the DIP Agent and the Cash Management Banks may, without further Order of this Court, implement changes to the Cash Management System and procedures in the ordinary course of business pursuant to the terms of those certain existing deposit agreements, including, without limitation, the opening and closing of bank accounts, and (iii) all control agreements in existence prior to the date of this Order shall apply.

6. **THIS COURT ORDERS** that, except as specifically permitted herein, the Just Energy Entities are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any of the Just Energy Entities to any of their respective creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business; provided, however, that the Just Energy Entities, until further order of this Court, are hereby permitted, subject to the terms of the Definitive Documents: (i) to reimburse the reasonable documented fees and disbursements of legal counsel and one financial advisor to the agent under the Credit Agreement, whether incurred before or after the date of this Order; (ii) to pay all non-default interest and fees to the agent and the lenders under the Credit Agreement in accordance with its terms; and (iii) to repay advances under the Credit

Agreement for the purpose of creating availability under the Revolving Facilities in order for the Just Energy Entities to request the issuance of Letters of Credit under the Revolving Facilities to continue to operate the Business in the ordinary course during these proceedings, subject to: (A) obtaining the consent of the Monitor with respect to the issuance of the Letters of Credit under the Revolving Facilities; and (B) receipt of written confirmation from the applicable lender(s) under the Credit Agreement that such lender(s) will issue a Letter of Credit of equal value within one (1) Business Day thereafter. Capitalized terms used but not otherwise defined in this paragraph shall have the meanings ascribed thereto in the Credit Agreement.

7. **THIS COURT ORDERS** that, subject to the terms of the Definitive Documents (as hereinafter defined), the Just Energy Entities shall be entitled but not required to pay the following amounts whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, commissions, employee benefits, contributions in respect of retirement or other benefit arrangements, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) all outstanding and future amounts owing to or in respect of other workers providing services in connection with the Business and payable on or after the date of this Order, incurred in the ordinary course of business and consistent with existing arrangements;
- (c) the fees and disbursements of any Assistants retained or employed by the Just Energy Entities in respect of these proceedings at their standard rates and charges, which, in the case of the Financial Advisor (as defined below) shall be the amounts payable in accordance with the Financial Advisor Agreement (as defined below);
- (d) with the consent of the Monitor in consultation with the agent under the Credit Agreement (or its advisors), amounts owing for goods or services actually provided to any of the Just Energy Entities prior to the date of this Order by third parties, if, in the opinion of the Just Energy Entities, such third party is critical to the Business and ongoing operations of the Just Energy Entities;

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DATED AT TORONTO THIS 9<sup>TH</sup> DAY OF MARCH 20 21  
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*N. Majumdar*  
 REGISTRAR



collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Just Energy Entities.

**RESTRUCTURING**

10. **THIS COURT ORDERS** that the Just Energy Entities shall, subject to such requirements as are imposed by the CCAA and subject to the terms of the Definitive Documents, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their Business or operations; and
- (b) pursue all avenues of refinancing, restructuring, selling and reorganizing the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing, restructuring, sale or reorganization,

all of the foregoing to permit the Just Energy Entities to proceed with an orderly restructuring of the Just Energy Entities and/or the Business (the “**Restructuring**”).

**NO PROCEEDINGS AGAINST THE JUST ENERGY ENTITIES, THE BUSINESS OR THE PROPERTY**

11. **THIS COURT ORDERS** that until and including March 19, 2021 or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process before any court, tribunal, agency or other legal or, subject to paragraph 12, regulatory body (each, a “**Proceeding**”) shall be commenced or continued against or in respect of any of the Just Energy Entities or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the prior written consent of the Just Energy Entities and

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 FAIT À TORONTO LE 9<sup>ME</sup> JOUR DE MARS 20 21

*N. Madhoo*

the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Just Energy Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

12. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental unit, body or agency, foreign regulatory body or agency or any other entities (all of the foregoing, collectively being “Persons” and each being a “Person”) against or in respect of the Just Energy Entities or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Just Energy Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Just Energy Entities to carry on any business which the Just Energy Entities are not lawfully entitled to carry on, (ii) subject to paragraph 13, affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

13. **THIS COURT ORDERS** that notwithstanding Section 11.1 of the CCAA, all rights and remedies of provincial energy regulators and provincial regulators of consumer sales that have authority with respect to energy sales against or in respect of the Just Energy Entities or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended during the Stay Period except with the written consent of the Just Energy Entities and the Monitor, or leave of this Court on notice to the Service List.

**NO INTERFERENCE WITH RIGHTS**

14. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Just Energy Entities except with the written consent of the Just Energy Entities and the Monitor, leave of this Court or as permitted under any Commodity ISO/Supplier Support Agreement.

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**CONTINUATION OF SERVICES**

15. **THIS COURT ORDERS** that during the Stay Period, except as permitted under any Commodity ISO/Supplier Support Agreement, all Persons having oral or written agreements with any Just Energy Entity or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Just Energy Entities or the Business, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Just Energy Entities, and that the Just Energy Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case, that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Just Energy Entities in accordance with normal payment practices of the Just Energy Entities or such other practices as may be agreed upon by the supplier or service provider and the applicable Just Energy Entity and the Monitor, or as may be ordered by this Court.

**NON-DEROGATION OF RIGHTS**

16. **THIS COURT ORDERS** that, subject to paragraph 20 but notwithstanding any other paragraphs of this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Just Energy Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

**COMMODITY SUPPLIERS**

17. **THIS COURT ORDERS** that each Qualified Commodity/ISO Supplier shall be entitled to the benefit of and is hereby granted a charge (together, the **“Priority Commodity/ISO Charge”**) on the Property in an amount equal to the value of the Priority Commodity/ISO Obligations. The value of the Priority Commodity/ISO Obligations shall be determined in accordance with the terms of the existing agreements or arrangements between the applicable Just

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DATED AT TORONTO THIS DAY OF MARCH 20 21  
FAT A TORONTO LE JOUR DE MARCH 20 21  
N. MacLeod

Energy Entity and the Qualified Commodity/ISO Supplier or, in the event of any dispute, by the Court. The Priority Commodity/ISO Charge shall have the priority set out in paragraphs 43-45 herein.

18. **THIS COURT ORDERS** that the Commodity/ISO Supplier Support Agreements are hereby ratified, approved and deemed to be Qualified Support Agreements.

19. **THIS COURT ORDERS** that the Just Energy Entities are hereby authorized and empowered to execute and deliver Qualified Support Agreements with any counterparty to a Commodity Agreement.

20. **THIS COURT ORDERS** that upon the occurrence of an event of default under a Qualified Support Agreement, the applicable Qualified Commodity/ISO Supplier may exercise the rights and remedies available to it under its Qualified Support Agreement, or upon five (5) days' notice to the Just Energy Entities, the Monitor and the Service List, may apply to this Court to seek the Court's authorization to exercise any and all of its other rights and remedies against the Just Energy Entities or the Property under or pursuant to its Commodity Agreement or ISO Agreement and the Priority Commodity/ISO Charge, including without limitation, for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Just Energy Entities and for the appointment of a trustee in bankruptcy of the Just Energy Entities.

21. **THIS COURT ORDERS** that the Monitor shall provide a report on the value of the Priority Commodity/ISO Obligations as of the last day of each calendar month by posting such report on the Monitor's Website (as defined below) within three (3) Business Days of such calendar month end.

**PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

22. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Just Energy Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Just Energy Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Just Energy Entities, if one is

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filed, is sanctioned by this Court or is refused by the creditors of the Just Energy Entities or this Court.

**DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

23. **THIS COURT ORDERS** that each of the Just Energy Entities shall jointly and severally indemnify their respective directors and officers against obligations and liabilities that they may incur as directors or officers of the Just Energy Entities after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

24. **THIS COURT ORDERS** that the directors and officers of the Just Energy Entities shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of C\$30,000,000, as security for the indemnity provided in paragraph 23 of this Order. The Directors' Charge shall have the priority set out in paragraphs 43-45 herein.

25. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (i) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (ii) the Just Energy Entities' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 23.

**APPOINTMENT OF MONITOR**

26. **THIS COURT ORDERS** that FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Just Energy Entities with the powers and obligations set out in the CCAA or set forth herein and that the Just Energy Entities and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Just Energy Entities pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

<p>THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE</p> <p>DATED AT TORONTO THIS <u>9<sup>TH</sup></u> DAY OF <u>MARCH</u> 20<u>21</u></p> <p><i>N. Heyrick</i></p> <p>REGISTRAR</p>	<p>LA PRÉSENT ATTESTE QUE CE DOCUMENT, DONT CHACUNE DES PAGES EST REVÊTUE DU SCEAU DE LA COUR SUPÉRIEURE DE JUSTICE À TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU</p> <p>FAIT À TORONTO LE <u>9<sup>TH</sup></u> JOUR DE <u>MARCH</u> 20<u>21</u></p> <p><i>N. Heyrick</i></p> <p>GREFFIER</p>
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29. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

30. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Just Energy Entities and the DIP Agent and the DIP Lenders with information provided by the Just Energy Entities in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Just Energy Entities is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

31. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor (including both U.S. and Canadian counsel for all purposes of this Order), and counsel to the Just Energy Entities (including both U.S. and Canadian counsel for all purposes of this Order) shall be paid their

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DATED AT TORONTO THIS DAY OF MARCH 20 21  
 FAIT À TORONTO LE JOUR DE

*[Signature]*  
 REGISTRAR

reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the date of this Order, by the Just Energy Entities as part of the costs of these proceedings. The Just Energy Entities are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, and the Just Energy Entities' counsel on a weekly basis.

33. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

**ADMINISTRATION CHARGE**

34. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Just Energy Entities shall be entitled to the benefit of and are hereby granted a charge (the “Administration Charge”) on the Property, which charge shall not exceed an aggregate amount of C\$2,200,000 as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 43-45 herein.

**DIP FINANCING**

35. **THIS COURT ORDERS** that the Just Energy Entities are hereby authorized and empowered to obtain and borrow or guarantee, as applicable, pursuant a credit facility from the DIP Agent and the DIP Lenders in order to finance the Just Energy Entities' working capital requirements and other general corporate purposes, all in accordance with the Cash Flow Statements (as defined in the DIP Term Sheet, which term is defined below) and Definitive Documents, provided that borrowings under such credit facility shall not exceed US\$125,000,000 unless permitted by further Order of this Court.

36. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the CCAA Interim Debtor-in-Possession Financing Term Sheet between the Just Energy Entities, the DIP Agent and the DIP Lenders dated as of March 9, 2021 and attached as Appendix “DD” to the Carter Affidavit (as may be amended or amended and restated from time to time, the “DIP Term Sheet”).

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DATED AT TORONTO THIS 9<sup>TH</sup> DAY OF MARCH 20 21  
 FAIT À TORONTO LE 9<sup>TH</sup> JOUR DE MARS 20 21

*N. Marjolef*  
 REGISTRAR GREFFIER

37. **THIS COURT ORDERS** that the Just Energy Entities are hereby authorized and empowered to execute and deliver such mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively with the DIP Term Sheet and the Cash Flow Statements, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Agent and the DIP Lenders pursuant to the terms thereof, and the Just Energy Entities are hereby authorized and directed to pay and perform all of the indebtedness, interest, fees, liabilities and obligations to the DIP Agent and the DIP Lenders under and pursuant to the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order. Notwithstanding any other provision in this Order, all payments and other expenditures to be made by any of the Just Energy Entities to any Person (except the Monitor and its counsel) shall be in accordance with the terms of the Definitive Documents, including in respect of payments in satisfaction of Priority Commodity/ISO Obligations.

38. **THIS COURT ORDERS** that the DIP Agent and the DIP Lenders shall be entitled to the benefit of and are hereby granted a charge (the “**DIP Lenders’ Charge**”) on the Property, which DIP Lenders’ Charge shall not secure an obligation that exists before this Order is made. The DIP Lenders’ Charge shall have the priority set out in paragraphs 43-45 hereof.

39. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Agent on behalf of the DIP Lenders may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lenders’ Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under any of the Definitive Documents or the DIP Lenders’ Charge, the DIP Agent or the DIP Lenders, as applicable, may immediately cease making advances or providing any credit to the Just Energy Entities and shall be permitted to set off and/or consolidate any amounts owing by the DIP Agent or the DIP Lenders to the Just Energy Entities against the obligations of the Just Energy Entities to the DIP Agent and the DIP Lenders under the Definitive Documents or the DIP Lenders’ Charge, make demand, accelerate payment and give other notices with respect to the obligations of the Just Energy Entities to the DIP Agent or the DIP Lenders under the Definitive Documents or the DIP Lenders’ Charge, or to apply to

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this Court on five (5) days' notice to the Just Energy Entities, the Monitor and the Service List to seek the Court's authorization to exercise any and all of its other rights and remedies against the Just Energy Entities or the Property under or pursuant to the Definitive Documents and the DIP Lenders' Charge, including without limitation, for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Just Energy Entities and for the appointment of a trustee in bankruptcy of the Just Energy Entities; and

- (c) the foregoing rights and remedies of the DIP Agent and the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Just Energy Entities or the Property.

40. **THIS COURT ORDERS AND DECLARES** that the DIP Agent, the DIP Lenders and the Qualified Commodity/ISO Suppliers shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants or any of them under the CCAA, or any proposal filed by the Applicants or any of them under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

**APPROVAL OF FINANCIAL ADVISOR AGREEMENT**

41. **THIS COURT ORDERS** that the agreement dated February 20, 2021 engaging BMO Nesbitt Burns Inc. (the "Financial Advisor") as financial advisor to the Just Energy Entities and attached as Confidential Appendix "FF" to the Carter Affidavit (the "Financial Advisor Agreement"), and the retention of the Financial Advisor under the terms thereof, is hereby ratified and approved and the Just Energy Entities are authorized and directed *nunc pro tunc* to make the payments contemplated thereunder in accordance with the terms and conditions of the Financial Advisor Agreement.

42. **THIS COURT ORDERS** that the Financial Advisor shall be entitled to the benefit of and is hereby granted a charge (the "FA Charge") on the Property, which charge shall not exceed an aggregate amount of C\$1,800,000 as security for the fees and disbursements and other amounts payable under the Financial Advisor Agreement, both before and after the making of this Order in respect of these proceedings. The FA Charge shall have the priority set out in paragraphs 43-45 herein.

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DATED AT TORONTO THIS 9TH DAY OF MARCH 2021  
FAIT A TORONTO LE 9 JOUR DE MARS 2021

*M. Mayzelsky*  
REGISTRAR GREFFIER



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REGISTRAR *N. Marjor* GREFFIER

**VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

43. **THIS COURT ORDERS** that the priorities of the Administration Charge, the FA Charge, the Directors' Charge, the DIP Lenders' Charge and the Priority Commodity/ISO Charge, as among them, shall be as follows:

First – Administration Charge and FA Charge (to the maximum amount of C\$2,200,000 and C\$1,800,000, respectively), on a *pari passu* basis;

Second – Directors' Charge (to the maximum amount of C\$30,000,000); and

Third – DIP Lenders' Charge (to the maximum amount of the Obligations (as defined in the DIP Term Sheet) owing thereunder at the relevant time) and the Priority Commodity/ISO Charge, on a *pari passu* basis.

44. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge, the FA Charge, the Directors' Charge, the DIP Lenders' Charge or the Priority Commodity/ISO Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

45. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person (including those commodity suppliers listed in Schedule "A" hereto), other than any Person with a properly perfected purchase money security interest under the *Personal Property Security Act* (Ontario) or such other applicable legislation that has not been served with notice of this Order.

46. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court on notice to parties in interest, the Just Energy Entities shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Just Energy Entities also obtain the prior written consent of the Monitor, the DIP Agent on behalf of the DIP Lenders and the beneficiaries of the Administration Charge, the



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DATED AT TORONTO THIS 9th DAY OF MARCH 20 21  
 FAIT À TORONTO LE 9th JOUR DE MARS 20 21

REGISTRAR *N. Mayood* GREFFIER

## SERVICE AND NOTICE

49. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) and the Wall Street Journal a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail addresses as last shown on the records of the Just Energy Entities, a notice to every known creditor who has a claim against the Just Energy Entities of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of the individuals who are creditors publicly available.

50. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the “Service List”). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor’s website as part of the public materials to be recorded thereon in relation to this proceeding. Notwithstanding the foregoing, the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

51. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “Protocol”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca//scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL - <http://cfcanada.fticonsulting.com/justenergy> (the “Monitor’s Website”).

52. **THIS COURT ORDERS** that the Just Energy Entities, the DIP Agent or the DIP Lenders and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any

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 FAIT A TORONTO LE 9<sup>ME</sup> JOUR DE MARS 20 21

REGISTRAR *N. M. [Signature]* GREFFIER

other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal deliver, facsimile or other electronic transmission to the Just Energy Entities' creditors or other interested parties and their advisors and that any such service, distribution or notice shall be deemed to be received: (a) if sent by courier, on the next business day following the date of forwarding thereof, (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

**FOREIGN PROCEEDINGS**

53. **THIS COURT ORDERS** that the Applicant, Just Energy Group Inc. ("JEGI") is hereby authorized and empowered, but not required, to act as the foreign representative (in such capacity, the "Foreign Representative") in respect of the within proceedings for the purpose of having these proceedings recognized and approved in a jurisdiction outside of Canada.

54. **THIS COURT ORDERS** that the Foreign Representative is hereby authorized to apply for foreign recognition and approval of these proceedings, as necessary, in any jurisdiction outside of Canada, including in the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

**GENERAL**

55. **THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on a date to be set by this Court upon the granting of this Order (the "Comeback Date"), and any such interested party shall give not less than two (2) business days' notice to the Service List and any other party or parties likely to be affected by the Order sought in advance of the Comeback Date; provided, however, that the Chargees, the DIP Agent and the DIP Lenders shall be entitled to rely on this Order as issued and entered and on the Charges and priorities set out in paragraphs 43-45 hereof, including with respect to any fees, expenses and disbursements incurred and in respect of advances made under the Definitive Documents or pursuant to the Qualified Support Agreement, as applicable, until the

date this Order may be amended, varied or stayed. For the avoidance of doubt, no payment in respect of any obligations secured by the Priority Commodity/ISO Charge shall be subject to the terms of any intercreditor agreement, including any “turnover” or “waterfall” provision(s) therein.

56. **THIS COURT ORDERS** that, notwithstanding paragraph 55 of this Order, the Just Energy Entities or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under this Order or in the interpretation or application of this Order.

57. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Just Energy Entities, the Business or the Property.

58. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body or agency having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Just Energy Entities, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies and agencies are hereby respectfully requested to make such orders and to provide such assistance to the Just Energy Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to JEGI, in any foreign proceeding, or to assist the Just Energy Entities and the Monitor and their respective agents in carrying out the terms of this Order.

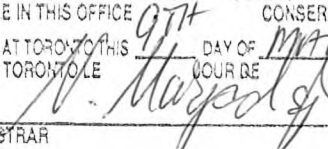
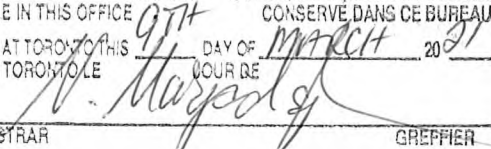
59. **THIS COURT ORDERS** that each of the Just Energy Entities and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body or agency, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that JEGI is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

60. **THIS COURT ORDERS** that Confidential Appendices “FF” and “GG” to the Carter Affidavit shall be and are hereby sealed, kept confidential and shall not form part of the public record pending further Order of this Court.

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61. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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RJI

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 REGISTRAR	 GREFFIER

## SCHEDULE "A"

### JE Partnerships

#### Partnerships:

- JUST ENERGY ONTARIO L.P.
- JUST ENERGY MANITOBA L.P.
- JUST ENERGY (B.C.) LIMITED PARTNERSHIP
- JUST ENERGY QUÉBEC L.P.
- JUST ENERGY TRADING L.P.
- JUST ENERGY ALBERTA L.P.
- JUST GREEN L.P.
- JUST ENERGY PRAIRIES L.P.
- JEBPO SERVICES LLP
- JUST ENERGY TEXAS LP

#### Commodity Suppliers:

- EXELON GENERATION COMPANY, LLC
- BRUCE POWER L.P.
- SOCIÉTÉ GÉNÉRALE
- EDF TRADING NORTH AMERICA, LLC
- NEXTERA ENERGY POWER MARKETING, LLC
- MACQUARIE BANK LIMITED
- MACQUARIE ENERGY CANADA LTD.
- MACQUARIE ENERGY LLC
- MORGAN STANLEY CAPITAL GROUP

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REGISTRAR *N. Magard* GREFFIER

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MARCH 2021

DATED AT TORONTO THIS DAY OF  
FAIT A TORONTO LE JOUR DE

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GREFFIER

## SCHEDULE "B" DEFINITIONS

**"Commodity Agreement"** means a gas supply agreement, electricity supply agreement or other agreement with any Just Energy Entity for the physical or financial purchase, sale, trading or hedging of natural gas, electricity or environmental derivative products.

**"ISO Agreement"** means an agreement pursuant to which a Just Energy Entity has reimbursement obligations to a counterparty for payments made by such counterparty on behalf of such Just Energy Entity to an independent system operator that coordinates, controls and monitors the operation of an electrical power system, and includes all agreements related thereto.

**"Priority Commodity/ISO Obligation"** amounts that are due and payable, at the applicable time, for: (i)(A) the physical supply of electricity or gas that has been delivered on or after March 9, 2021; (B) financial settlements on or after March 9, 2021; and (C) amounts owing under a confirmation or transaction that was executed on or after March 9, 2021 pursuant to a Commodity Agreement as a result of the termination thereof in accordance with the applicable Qualified Support Agreement; and (ii) for services actually delivered by a Qualified Commodity/ISO Supplier on or after March 9, 2021 pursuant to an ISO Agreement (but for greater certainty, excluding any amount owing for ISO services provided under an ISO Agreement on or before the date of this Order, whether or not yet due).

**"Qualified Commodity/ISO Supplier"** means any counterparty to a Commodity Agreement or ISO Agreement as of March 9, 2021 that has executed or executes a Qualified Support Agreement with a Just Energy Entity and refrained from exercising termination rights under the Commodity Agreement as a result of the commencement of the Proceedings absent an event of default under such Qualified Support Agreement.

**"Qualified Support Agreement"** means a support agreement between a Just Energy Entity and a counterparty to a Commodity Agreement, in form and substance satisfactory to the Just Energy Entities and the DIP Lenders, acting reasonably, which includes, among other things: (i) that such counterparty shall apply to the Court on five (5) days' notice to the Just Energy Entities, the Monitor and the Service List prior to exercising any termination rights under a Qualified Support Agreement; (ii) the obligation to supply physical and financial power and natural gas and other



related services pursuant to any confirmations or transactions executed pursuant to a Commodity Agreement; and (iii) an agreement to refrain from exercising termination rights as a result of the commencement of the Proceedings absent an event of default under such support agreement.

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE

LA PRÉSENT ATTESTE QUE CE DOCUMENT, DONT CHACUNE DES PAGES EST REVÊTUE DU SCEAU DE LA COUR SUPÉRIEURE DE JUSTICE À TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU

DATED AT TORONTO THIS 9TH DAY OF MARCH 20 21  
FAIT À TORONTO LE 9<sup>TH</sup> JOUR DE MARCH 20 21

*N. Marjolef*  
REGISTRAR GREFFIER

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, C. C-36, AS AMENDED

Court File No: CV-21-00658423-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF JUST ENERGY GROUP INC., et al  
(collectively, the "**Applicants**")

*Ontario*  
**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**INITIAL ORDER**

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Lawyers for the Applicants

## **APPENDIX “B”**

Pre-Filing Report of the Proposed Monitor dated March 9, 2021

**Court File No. CV-21-00XXXX-00CL**

**Just Energy Group Inc. et al.**

**PRE-FILING REPORT OF FTI CONSULTING CANADA INC., AS  
THE PROPOSED MONITOR**

**March 9, 2021**

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ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **JUST ENERGY GROUP INC.**, JUST ENERGY CORP., ONTARIO ENERGY COMMODITIES INC., UNIVERSAL ENERGY CORPORATION, JUST ENERGY FINANCE CANADA ULC, HUDSON ENERGY CANADA CORP., JUST MANAGEMENT CORP., JUST ENERGY FINANCE HOLDING INC., 11929747 CANADA INC., 12175592 CANADA INC., JE SERVICES HOLDCO I INC., JE SERVICES HOLDCO II INC., 8704104 CANADA INC., JUST ENERGY ADVANCED SOLUTIONS CORP., JUST ENERGY (U.S.) CORP., JUST ENERGY ILLINOIS CORP., JUST ENERGY INDIANA CORP., JUST ENERGY MASSACHUSETTS CORP., JUST ENERGY NEW YORK CORP., JUST ENERGY TEXAS I CORP., JUST ENERGY, LLC, JUST ENERGY PENNSYLVANIA CORP., JUST ENERGY MICHIGAN CORP., JUST ENERGY SOLUTIONS INC., HUDSON ENERGY SERVICES LLC, HUDSON ENERGY CORP., INTERACTIVE ENERGY GROUP LLC, HUDSON PARENT HOLDINGS LLC, DRAG MARKETING LLC, JUST ENERGY ADVANCED SOLUTIONS LLC., FULCRUM RETAIL ENERGY LLC, FULCRUM RETAIL HOLDINGS LLC, TARA ENERGY, LLC, JUST ENERGY MARKETING CORP., JUST ENERGY CONNECTICUT CORP., JUST ENERGY LIMITED, JUST SOLAR HOLDINGS CORP., AND JUST ENERGY (FINANCE) HUNGARY ZRT (collectively, the "**Applicants**").

**PRE-FILING REPORT OF THE PROPOSED MONITOR**

**INTRODUCTION**

1. FTI Consulting Canada Inc. ("**FTI**" or the "**Proposed Monitor**") understands that Just Energy Group Inc. ("**Just Energy**") and the other applicant companies listed in the style of cause above (collectively, the "**Applicants**") intend to make an application before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for an initial order (the "**Initial Order**") under the Companies' Creditors Arrangement Act (the "**CCAA**") to, among other things, obtain a stay of proceedings to allow the Applicants an opportunity to restructure their business and affairs.

2. The Applicants propose that the Court appoint FTI as Monitor in these CCAA proceedings (the “**CCAA Proceedings**”).
3. This Pre-Filing Report of the Proposed Monitor (the “**Pre-Filing Report**”) has been prepared by the Proposed Monitor prior to and in contemplation of its appointment as Monitor to provide information to the Court solely in respect of the relief sought by the Applicants at the hearing in respect of the Initial Order. Should FTI be appointed as Monitor at the initial hearing, FTI intends to file a further report with the Court as Monitor in respect of the relief being sought by the Applicants at the comeback hearing.
4. Any capitalized terms that are not defined herein have the meanings given to them in the glossary attached as **Schedule “A”** to this Pre-Filing Report (the “**Glossary**”). To assist the Court and other readers, the Glossary includes certain common industry-specific terms that are not used herein but arise in pertinent documents relating to the Applicants’ business.

## **PURPOSE**

5. The purpose of this Pre-Filing Report is to inform the Court of:
  - (a) background information with respect to the Applicants;
  - (b) FTI’s qualifications to act as Monitor, if appointed;
  - (c) an overview of the Cash Flow Forecast (as defined herein) and the Proposed Monitor’s comments regarding the reasonableness thereof;
  - (d) the relief sought by the Applicants in the proposed Initial Order and the Proposed Monitor’s recommendation in respect of same, including, among other things:
    - (i) granting a stay of proceedings (the “**Stay of Proceedings**”) in favour of the Applicants up to and including March 19, 2021;
    - (ii) extending the Stay of Proceedings to certain foreign and domestic regulators on an interim basis;

- (iii) extending the protections and stays afforded in the Initial Order to certain limited partnerships that are affiliates of the Applicants;
  - (iv) approving the proposed debtor-in-possession interim financing arrangement;
  - (v) approving the Applicants' engagement of BMO Nesbitt Burns Inc. ("**BMO**") as its financial advisor (in such capacity, the "**Financial Advisor**");
  - (vi) authorizing the Applicants to make certain pre-filing payments;
  - (vii) granting certain protections in favour of the Applicants' critical suppliers; and
  - (viii) granting certain Court-ordered charges sought by the Applicants.
6. This Pre-Filing Report should be read in conjunction with the Affidavit of Michael Carter, to be sworn March 9, 2021 (the "**Carter Affidavit**"), which describes in more detail the Applicants' operations and the circumstances leading to their current situation.
7. All references to monetary amounts in this Pre-Filing Report are in Canadian dollars unless otherwise noted.

## **BACKGROUND INFORMATION**

### Overview

8. Just Energy is incorporated under the *Canada Business Corporations Act*. It maintains dual headquarters in Ontario and Texas, and its shares are listed on the Toronto Stock Exchange and the New York Stock Exchange.
9. Just Energy is primarily a holding company, with operating subsidiaries situated across Canada and the United States (Just Energy and its subsidiaries collectively, the "**Just Energy Group**"). A copy of the Just Energy Group's corporate organizational chart will be attached as Exhibit "F" to the Carter Affidavit.



10. As detailed herein, the Just Energy Group faces a material and immediate risk to its ability to continue as a going concern, which is a direct consequence of the unprecedented and catastrophic effects of an extreme weather event that crippled the Texas energy system in February of this year. The Proposed Monitor understands that the Just Energy Group is urgently seeking the Court-ordered relief described herein in order to avoid the near-certain demise of its operations. Specifically, as described herein, as a result of the winter storm and the subsequent regulatory response, the Just Energy Group estimates it may have incurred losses and additional costs totaling over \$312 million. As a result, the Just Energy Group is currently estimating that it will be in a negative liquidity position on March 9, 2021 as certain payments owing by the Just Energy Group become due and owing on such date, including approximately US\$96.24 million to Electric Reliability Council of Texas (“ERCOT”).

*Business Operations and the Regulatory Environment*

11. Established in 1997, the Just Energy Group is a leading retail energy provider. Its principal line of business consists of purchasing retail energy and natural gas commodities from certain large energy suppliers and re-selling them to residential and commercial customers.
12. The Just Energy Group services more than 950,000 residential and commercial customers across various jurisdictions in Canada and the United States. Residential customers represent approximately 35% of its residential customer equivalent (“RCE”)<sup>1</sup> base, with the Just Energy Group’s commercial customers making up the balance. The Proposed Monitor understands that Texas is the single largest market for the Just Energy Group, representing 47% of its revenues in fiscal year 2020. Other significant markets include Ontario, Alberta, Illinois and Pennsylvania. The Just Energy Group has expended significant effort over many years to build a large and geographically-diversified customer base.

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<sup>1</sup> A unit of measurement equivalent to the approximate amount of gas and electricity used by a typical household in Ontario.

13. According to the Just Energy Group's consolidated financial statements, for the nine-months ending December 2020, despite a challenging operating environment because of the COVID-19 pandemic, revenues were approximately \$1.7 billion. During the same period, the Just Energy Group had positive cash flow of approximately \$27 million. Its reported Embedded Gross Margin<sup>2</sup> for residential and commercial customers for the same period was approximately \$1 billion and \$360 million, respectively.
14. The Just Energy Group collectively employs approximately 979 full-time, non-unionized employees. A geographic breakdown of the employees is set out in the Carter Affidavit. Most employees are located in one of three jurisdictions: Ontario, Texas and India.
15. The Just Energy Group operates in highly regulated markets. The Just Energy Group is subject to numerous different regulatory regimes in Canada and the U.S. overseen by various provincial and state regulators. The Carter Affidavit provides an overview of the complex regulatory environment and details the licenses and other permissions granted in favour of the Just Energy Group in respect of the various jurisdictions in which it operates.
16. Certain of Just Energy's operating subsidiaries set out in **Schedule "B"** hereto are limited partnerships (collectively, the "**Just Energy LPs**"). The Just Energy LPs hold most of the regulatory licenses pursuant to which the Just Energy Group conducts business. The Just Energy LPs are not applicants in these CCAA proceedings as they are not "companies" to which the CCAA applies. Nevertheless, as the business and operations of the Just Energy LPs are heavily intertwined with that of the Applicants, the Applicants seek to have all of the protections and authorizations under the Initial Order extended to the Just Energy LPs, including the Stay of Proceedings.

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<sup>2</sup> The gross margin expected to be realized over the next five years from existing customers.

17. Complying with the various regulatory regimes creates direct and indirect financial, legal and operational obligations for the Just Energy Group. Among other things, certain regulators require substantial financial collateral to be posted by entities in the Just Energy Group. Any non-compliance with the regulatory regimes, including the failure to provide sufficient collateral by a specified deadline can lead to the suspension or cancellation of the Just Energy Group's ability to operate in a particular market and, in some jurisdictions, the transfer of the Just Energy Group's customers to another energy provider. The amount of collateral required can vary depending on a number of factors including the current commodity market environment and the financial health of the Just Energy Group and, as a result, can be difficult to forecast.
  
18. In certain circumstances, the Just Energy Group entities have posted collateral with the regulators themselves; in other circumstances, they have arranged for collateral to be posted by third-party bonding companies (the "**Bonding Companies**"). In such circumstances, a breach of the agreement with the Bonding Companies, including failing to post additional collateral with the Bonding Companies on demand, can lead to non-compliance with the regulator's demands and consequently, the suspension or cancellation of the Just Energy Group's ability to operate in a particular market. The Proposed Monitor understands that the Bonding Companies have recently demanded over \$30 million in additional collateral be posted by the Just Energy Group as a result of, among other things, the Texas weather event. The Just Energy Group estimates as much as \$10 million remains outstanding and could be demanded upon filing.

*Commodity Suppliers and ISO Supplier Relationships*

19. As noted earlier, the Just Energy Group transacts with various suppliers of natural gas and electricity (collectively, the "**Commodity Suppliers**"). As detailed in the Carter Affidavit, a small group of suppliers including Shell, BP, Exelon, and Bruce Power, provides the majority of such supplies. Any disruption to continued supply by the Commodity Suppliers would materially impact the Just Energy Group's ability to carry on its business operations. Such disruption would prevent the Just

- Energy Group from entering into any further sales contracts with customers as it would be unable to properly backstop and hedge the obligations. The obligations owing to the Commodity Suppliers by the Just Energy Group are secured by security granted by Just Energy and other members of the Just Energy Group.
20. In addition to supply agreements, the Just Energy Group is also party to independent system operator (“**ISO**”) services agreements (the “**ISO Agreements**”) with certain of its Commodity Suppliers (in such capacity, the “**ISO Suppliers**”). Pursuant to the ISO Agreements, the contracting counterparty (for reasons of administrative efficiency) provides certain scheduling services as well as working capital and credit support to the Just Energy Group by making payments on its behalf to the independent system operator.

### *The Just Energy Group’s Capital Structure*

#### **2020 Recapitalization**

21. As detailed in the Carter Affidavit, the Just Energy Group underwent a balance sheet recapitalization in 2020 (the “**Recapitalization**”) pursuant to section 192 of the *Canada Business Corporations Act* under the supervision of this Court. The Recapitalization was the culmination of extensive discussions with stakeholders over the span of a year and put the Just Energy Group on a strong financial footing.

#### **Capital Structure**

22. The Just Energy Group’s capital structure is described in detail in the Carter Affidavit. As at December 31, 2020, the aggregate book value of the Just Energy Group’s assets was approximately \$1.069 billion, and the aggregate book value of its liabilities was approximately \$1.28 billion.
23. The Just Energy Group’s debt obligations include: (i) secured obligations to its Commodity Suppliers in the approximate amount of \$198.96 million as at January 31, 2021 (the “**Trade Debt**”); and (ii) significant non-trade obligations. Below is

a chart setting out the relative priorities of the Justice Energy Groups’ debt obligations, which are detailed below.

<b>Tier</b>	<b>Items</b>	<b>Date</b>	<b>Approximate Amount</b>
Tier 1	Secured Suppliers AP	March 31, 2021	\$244 million
Tier 2	Credit Facility Lenders	March 5, 2021	\$331.82 million
	Suppliers MTM (Liability Only)	March 1, 2021	\$146.17 million
	ISO Service Obligations (Subject to Cap)	March 5, 2021	\$94.5 million
Tier 3	ISO Service Obligations (In Excess of Cap)	March 5, 2021	\$77.66 million
Tier 4	Term Loan (unsecured)	December 31, 2020	\$273.48 million
Tier 5	Subordinated Notes (unsecured)	December 31, 2020	\$13.2 million

(a) Trade Debt

24. The Proposed Monitor understands that the Commodity Suppliers and the agent for the lenders under the Credit Agreement (as defined below) are party to an intercreditor agreement (the “**Intercreditor Agreement**”) that sets out the relative priorities of the parties’ security interests. In accordance with the terms of the Intercreditor Agreement, the secured Commodity Suppliers rank *pari passu* with the lenders under the Credit Agreement subject to the following waterfall as set out in the above chart: (i) accounts payable owing to the secured Commodity Suppliers rank first, (ii) the following amounts rank second and *pari passu* amongst themselves: (A) the mark-to-market (“**MTM**”) liability to the secured Commodity Suppliers, (B) amounts owing to the lenders under the Credit Agreement, and (C) amounts owing to Commodity Suppliers under the ISO Agreements up to a cap of \$94.5 million (the “**Cap**”); and (iii) ranking third, amounts owing to providers under the ISO Agreements above the Cap.
25. The significant non-trade debt obligations of the Just Energy Group are summarized as follows:

	<b>Type</b>	<b>Borrower(s)</b>	<b>Maturity Date</b>	<b>Approximate Outstanding Amount as of December 31, 2020</b>
Secured Credit Facility	Revolving credit facilities available on borrowing base	Just Energy Ontario L.P. and Just Energy (U.S.) Corp.	December 31, 2023	\$232.62 million in principal \$77.8 million in letters of credit
Term Loan	Non-revolving, multi-draw senior unsecured term loan facility	Just Energy Group Inc.	March 31, 2024	\$273.48 million
Subordinated Notes	Unsecured subordinated notes	Just Energy Group Inc.	September 27, 2026	\$13.2 million

(b) Credit Facility

26. Just Energy Ontario L.P. and Just Energy (U.S.) Corp. are borrowers under a ninth amended and restated credit agreement (the “**Credit Agreement**”) dated as of September 28, 2020 with a syndicate of lenders that includes CIBC, National Bank of Canada, HSBC, JPMorgan, Alberta Treasury Branches, Canadian Western Bank, and Morgan Stanley Senior Funding, Inc., a subsidiary of Morgan Stanley Bank N.A.
27. The Credit Agreement provides for certain scheduled mandatory commitment reductions over time.
28. As at March 5, 2021, there was approximately \$227.86 million in principal outstanding under the Credit Agreement, plus outstanding letters of credit amounting to approximately \$103.96 million.

(c) Term Loan

29. Just Energy is a borrower under a \$205.9 million unsecured principal note (the “**Term Loan Agreement**”) in favour of Sagard Credit Partners, LP and certain funds managed by a leading U.S.-based global fixed income asset manager. The Term Loan matures on March 31, 2024.
30. Pursuant to the Term Loan Agreement, interest payments are capitalized with payment of principal and accrued interest due on March 31, 2024.
31. As at December 31, 2020, approximately \$273.48 million was outstanding under the Term Loan.

(d) Subordinated Notes

32. Just Energy is also a borrower under certain subordinated unsecured notes (“**Subordinated Notes**”). As at October 19, 2020, the Subordinated Notes had a principal amount of \$13.2 million outstanding.

## **THE TEXAS WEATHER EVENT**

33. As noted earlier herein, Texas is the Just Energy Group’s single largest market. The Texas energy market is subject to regulatory oversight by ERCOT. ERCOT’s operations, in turn, are overseen by the Public Utility Commission of Texas (“**PUCT**”).
34. The Proposed Monitor understands that the Just Energy Group’s Texas-based operating subsidiaries, in addition to purchasing supply directly from the Commodity Suppliers, purchase energy products (for subsequent resale to customers) in Texas through an ERCOT-operated wholesale electricity market. The Texas subsidiaries are directly liable to ERCOT for such electricity purchases, pursuant to and in accordance with the terms of the ERCOT protocols (the “**Protocols**”) and certain governing agreements that implement such Protocols.<sup>3</sup>

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<sup>3</sup> The Protocols are accessible at the following link: <http://www.ercot.com/mktrules/nprotocols/current>.

35. As described in greater detail in the Carter Affidavit, beginning on February 13, 2021, Texas experienced an unprecedented and catastrophic energy crisis when a powerful winter storm impacted the entire state. Being a warm-weather state, (i) the colder temperatures had the effect of causing demand for electricity to spike as residents sought to heat their homes and businesses,<sup>4</sup> and (ii) certain of the state's electricity generating sources were not sufficiently winterized to withstand the cold temperatures or were unable to secure fuel with which to operate their plants and suffered critical operational shut-downs.
36. The Proposed Monitor understands that the Just Energy Group diligently hedges against potential weather risks based on historical data. For February 2021, the Just Energy Group had weather hedges in place to cover an incremental 50% increase in customer usage above the normal February consumption, which in any other year would have provided sufficient cushion against extreme weather. However, the extreme Texas weather event meant energy use on February 14, 2021 was 200% higher than the week earlier, substantially above the hedge estimates.
37. The Texas' electricity grid, by design, is largely separate from neighbouring states, so generating sources that were unable to operate could not be easily substituted by importing electricity from neighbouring markets. The combination of the spike in demand and plummeting supply pushed Texas' electric system to the brink of collapse. The Carter Affidavit details ERCOT and PUCT's hurried response to this event in order to avoid a complete shutdown of the entire grid and the operational and financial repercussions for the entire Texas electric grid that otherwise could have lasted several months.
38. The effects of ERCOT and PUCT's actions on the Texas wholesale energy market during the Texas weather event are described in detail in the Carter Affidavit. In brief, PUCT adopted an order instructing ERCOT to set wholesale energy prices at the maximum price allowed, being US\$9,000 per megawatt hour, for over 100 consecutive hours. By way of comparison, the real time electricity price did not hit

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<sup>4</sup> To note, most of Texas uses electric heating.



- US\$9,000/MWh for even one 15-minute interval in 2020. The winter storm and regulators' actions caused wholesale buyers to incur additional costs of approximately US\$55 billion during the 7-day period of the winter storm, equivalent to the amount the wholesale market would ordinarily incur over a four-year period.
39. The Proposed Monitor understands, as set out in the Carter Affidavit, that ERCOT and PUCT's decision to sustain an artificially high wholesale price may have contravened the Protocols and has been challenged by numerous stakeholders. The Proposed Monitor understands that there have been several appeals to PUCT and ERCOT to provide accommodations to energy providers affected by the ERCOT wholesale market price surges, including appeals by the Just Energy Group to suspend ERCOT's usual protocols. The Proposed Monitor understands that such appeals have not been successful to date.
  40. In the meantime, ERCOT has issued invoices to wholesale energy purchasers, including the Just Energy Group's Texas subsidiaries, for the entire US\$55 billion amount in additional costs. The Proposed Monitor understands that the Just Energy Group's portion of such obligation is estimated to be approximately US\$250 million. The magnitude of this financial burden has had a ripple effect through a myriad of market participants including retail energy providers, electric cooperatives and municipalities, independent power producers, and natural gas local distribution companies across the state.
  41. The Proposed Monitor understands that the Just Energy Group is disputing the amount of ERCOT's issued invoices. Nevertheless, in accordance with the Protocols, invoices issued by ERCOT must be paid in full within two days, even if the energy provider is actively disputing the invoice.
  42. ERCOT has several remedies available to it when an energy provider fails to pay in full the amount of any invoice within two days of it being issued. Principal among such remedies is ERCOT's ability to revoke all of the right of such energy provider to operate in the Texas market and to mass-transition all of such energy

- provider's Texas customers to another energy provider of last resort (a "**POLR**") on five days' notice to the energy provider (the mass-transition being, the "**POLR Process**").
43. The Proposed Monitor understands that the Just Energy Group does not have sufficient liquidity to cover its remaining unpaid obligation to ERCOT of approximately US\$123.21 million, of which approximately US\$96.24 million is required to be paid by the end of day on March 9, 2021. Additionally, on March 8, 2021, the Just Energy Group received from ERCOT (i) a notice that it must post approximately US\$25.7 million of additional collateral within two business days; and (ii) invoices totalling approximately US\$25.46 million, of which approximately US\$18.86 million is due by March 10, 2021.
  44. The Proposed Monitor understands that the Just Energy Group is unable, as a legal and practical matter, to charge and collect this unprecedented amount from its Texas customers given the fixed-rate customer billing arrangements with most of its customers.
  45. As at the date of this Report, and as described in the Carter Affidavit, the Proposed Monitor understands that one large Texas-based energy provider, Brazos Electric Power Cooperative, Inc., has already filed for relief under chapter 11 of title 11 of the United States Code, after incurring an estimated US\$2.1 billion in charges over seven days during the Texas weather event.
  46. The Proposed Monitor also understands that ERCOT (i) revoked all of the rights of two other energy providers, Griddy Energy LLC and Entrust Energy Inc., to operate in the Texas energy market after they failed to pay to ERCOT their portion of the additional US\$55 billion liability; and (ii) implemented the POLR Process in respect of both such energy providers. Without the protection afforded by the proposed Initial Order being sought by the Just Energy Group, the Just Energy Group could face similar consequences. If granted, Just Energy intends to initiate a case under Chapter 15 of Title 11 of the United States Code seeking to recognize and enforce the proposed Initial Order in the U.S.

## **GOING CONCERN DOUBTS AS A RESULT OF THE TEXAS WEATHER EVENT**

47. As noted above, the Just Energy Group may be liable to ERCOT for an estimated US\$250 million. The Just Energy Group is disputing amounts that are owing to ERCOT. Nevertheless, if payment in full is not made to ERCOT within two days of invoices being issued, ERCOT may decide to implement a POLR Process that, the Proposed Monitor understands, would cause nearly half of the Just Energy Group's Embedded Gross Margin to dissipate and would pose significant risk to the Just Energy Group's ability to maintain going concern operations.
48. The Proposed Monitor understands that the Just Energy Group does not have sufficient liquidity to cover the amount of its estimated obligations, including the full amount of the estimated liability to ERCOT. The Just Energy Group is forecast to have negative liquidity as of March 9, 2021 primarily due to one of the aforementioned payments due to ERCOT on that date of approximately \$121.2 million.
49. In addition, on March 22, 2021, approximately \$270 million will become owing to counterparties under the ISO Agreements. This amount has increased significantly from normal levels, which is a direct result of the Texas weather event.
50. The Proposed Monitor further understands that an event of insolvency constitutes an event of default under the Just Energy Group's licences with various Canadian and U.S. regulators, as detailed in the Carter Affidavit, which causes serious concerns about the Just Energy Group's ability to continue to operate in key markets outside of Texas.
51. Likewise, upon an insolvency event, there are other material concerns about the continued supply of energy commodities from the Commodity Suppliers and immediate demands for additional collateral from the Bonding Agencies (in addition to the collateral that has already been demanded by the Bonding Companies, as noted earlier in this report). The Proposed Monitor understands that any one of these events (i.e. the loss of continuing supply or a request for additional

collateral that cannot be satisfied) could trigger cascading materially adverse results for the Just Energy Group by virtue of cross-default provisions under a number of governing agreements.

### **FTI'S QUALIFICATIONS TO ACT AS MONITOR**

52. Paul Bishop, who will lead the FTI team and have primary carriage of this matter, is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada).
53. Since becoming engaged by the Just Energy Group, FTI has acquired knowledge of the business and operations of the Just Energy Group, including its personnel, stakeholders and the key issues in the proposed CCAA Proceedings. As a result, FTI is in a position to immediately act as Monitor in the CCAA Proceedings if appointed by this Court.
54. In September 2020, FTI was engaged by the Applicant, Just Energy Inc., to assist in assessing the quantification of potential damages relating to certain securities class actions against the company. This work is ongoing, and an ethical wall has been put in place between the FTI members assisting with the preparation of the these CCAA Proceedings and those members assisting Just Energy Inc. with the claim quantification engagement.
55. Neither FTI, nor any of its representatives, has been, at any time in the two preceding years:
  - (a) a director, officer or employee of the Just Energy Group;
  - (b) related to the Just Energy Group or to any director or officer of the Just Energy Group; or
  - (c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of the Just Energy Group.

Engagement of FTI and the Preparation of this Pre-Filing Report

56. FTI was initially engaged by the Applicants in July 2020 to assist in preparing for a potential filing under the CCAA, on a contingency basis, as they sought, successfully, to conclude the Recapitalization under the CBCA.
57. Pursuant to an engagement letter dated February 26, 2021, FTI was engaged to assist the Just Energy Group with a review of its financial position, business plan, financial projections and liquidity requirements and, if required, to assist the Just Energy Group in preparation for a filing under each of the Canadian and U.S. insolvency regimes. For the purpose of this mandate, FTI has, among other things:
- (a) participated in numerous meetings and discussions with the Just Energy Group's senior management and legal advisors in connection with the Just Energy Group's business and financial affairs generally and in connection with the preparation of the Cash Flow Forecast (as defined herein);
  - (b) participated in numerous meetings and discussions with the Just Energy Group and its counsel in connection with the requested relief in these CCAA Proceedings;
  - (c) engaged legal counsel in Canada and the U.S., who have also participated in certain of the aforementioned meetings;
  - (d) obtained and reviewed financial and other information produced by the Just Energy Group relating to its operations, cash flow forecasts and current financial situation;
  - (e) assisted the Just Energy Group in the preparation of its cashflow forecasts;
  - (f) assisted the Just Energy Group in assessing the quantum of potential claims against its directors and officers; and
  - (g) prepared this Pre-Filing Report.
58. Although this Pre-Filing Report has been prepared in anticipation of FTI's appointment as Monitor of the Just Energy Group, it has been prepared with the

same duty, care and level of diligence that FTI would have utilized had it already been appointed as Monitor.

59. In preparing this Pre-Filing Report, the Proposed Monitor has relied upon unaudited financial information of the Just Energy Group, the books and records of the Just Energy Group, certain financial information prepared by the Just Energy Group and discussions with the Just Energy Group's management. Other than as described in this section of the Pre-Filing Report, the Proposed Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Accordingly, the Proposed Monitor expresses no opinion or other form of assurance on the information contained in Pre-Filing Report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this Pre-Filing Report is based on the Just Energy Group's management's assumptions regarding future events; actual results may vary from the forecast and such variations may be material.

#### **THE JUST ENERGY GROUP'S CASH MANAGEMENT SYSTEM**

60. The Just Energy Group maintains a centralized cash management system in Canada and the United States to consolidate and track funds generated by the operations of the Just Energy Group, as described more fully in the Carter Affidavit.
61. The Proposed Monitor has reviewed the Just Energy Group's cash management arrangements and confirms the importance of these systems for the continuation of the Just Energy Group's business and operations. Replacement of the cash management systems would be costly, unviable from a short-term operational perspective, and excessively time consuming. Accordingly, the Proposed Monitor supports the Just Energy Group's request to continue to operate its existing cash management systems throughout these CCAA Proceedings and supports the Just Energy Group's request to temporarily restrict the right of set-off by the lenders in order to ensure that the cash management system continues to function properly.

## CASH FLOW FORECAST

62. The Just Energy Group, with the assistance of the Proposed Monitor, has prepared (i) a consolidated 13-week cash-flow forecast of its receipts and disbursements (the “**Weekly Forecast**”), and (ii) a daily cash flow forecast for the 13-day period following the filing of these CCAA Proceedings ending March 21, 2021 (the “**Daily Forecast**”, and together with the Weekly Forecast, the “**Cash Flow Forecast**”). The Cash Flow Forecast and the management’s report on the cash-flow statement as required by section 10(2)(b) of the CCAA are attached hereto as **Appendix “A”**. The Weekly Forecast and Daily Forecast are summarized as follows:

<i>(CAD\$ in millions)</i>	13-Day period ending March 21, 2021	13-Week period ending June 6, 2021
<b>Forecast Week</b>	<b>Total</b>	<b>Total</b>
<b>RECEIPTS</b>		
Sales Receipts	\$77.1	\$608.5
Miscellaneous Receipts	-	8.0
<i>Total Receipts</i>	\$77.1	\$616.5
<b>DISBURSEMENTS</b>		
<i>Operating Disbursements</i>		
Energy and Delivery Costs	(\$224.6)	(\$574.1)
Payroll	-	(22.3)
Taxes	(5.4)	(36.6)
Commissions	(6.3)	(27.8)
Selling and Other Costs	(6.6)	(48.4)
<i>Total Operating Disbursements</i>	(\$242.8)	(\$709.1)
<b>OPERATING CASH FLOWS</b>	(\$165.7)	(\$92.6)
<i>Financing Disbursements</i>		
Credit Facility - Borrowings / (Repayments)	\$126.0	\$157.5
Interest Expense & Fees	(3.2)	(7.2)
<i>Restructuring Disbursements</i>		
Professional Fees	(1.4)	(14.4)
<b>NET CASH FLOWS</b>	<b>(\$44.3)</b>	<b>\$43.3</b>
<b>CASH</b>		
Beginning Balance	\$77.3	\$77.3
Net Cash Inflows / (Outflows)	(44.3)	43.3
Other (FX)	-	-
<b>ENDING CASH</b>	<b>\$33.0</b>	<b>\$120.7</b>

63. The Just Energy Group's Daily Forecast indicates that during the 13-day period ending March 21, 2021, the Just Energy Group will have net cash outflows from operating activities of approximately \$165.7 million with total receipts of approximately \$77.1 million and total disbursements of approximately \$242.8 million, before borrowings of approximately \$126.0 million and professional fees of approximately \$1.4 million such that the net cash outflows are forecast to be approximately \$44.3 million.
64. The Just Energy Group's Weekly Forecast indicates that, during the 13-week cash flow period ending June 6, 2021, the Just Energy Group will have net cash outflows from operating activities of approximately \$92.6 million with total receipts of approximately \$616.5 million and total disbursements of approximately \$709.1 million, before borrowings of approximately \$157.5 million and professional fees of approximately \$14.4 million such that the net cash flows are forecast to be approximately \$43.3 million.
65. The Cash Flow Forecast incorporates the following key assumptions:
  - (a) Payment to ERCOT of approximately \$151.3 million with respect to the Texas weather event due during the week ending March 14, 2021;
  - (b) Payment of certain pre-filing amounts outstanding, pending Monitor consent, including with respect to commodity delivery-related services;
  - (c) Payment of pre-filing amounts outstanding, owing to or in respect of workers providing sales and sales support for the Just Energy Group;
  - (d) An initial drawdown on the DIP Facility of approximately \$126 million on March 9, 2021 to satisfy the liquidity requirements of the Just Energy Group through to the comeback hearing; and
  - (e) Cash receipts of the Just Energy Group contemplates the ongoing collection of receivables from its customers.



66. Section 23(1)(b) of the CCAA states that the Proposed Monitor shall, “review the company’s cash-flow statement as to its reasonableness and file a report with the court on the Proposed Monitor’s findings”.
67. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Proposed Monitor hereby reports as follows:
- (a) the Cash Flow Forecast has been prepared by management of the Just Energy Group for the purpose described in notes to the Cash Flow Forecast, using the probable and hypothetical assumptions set out therein;
  - (b) the Proposed Monitor’s review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of the management and employees of the Just Energy Group. Since hypothetical assumptions need not be supported, the Proposed Monitor’s procedures with respect to them were limited to evaluating whether they were consistent with the purposes of the Forecast. The Proposed Monitor has also reviewed the support provided by management of the Just Energy Group for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast;
  - (c) based on its review, and as at the date of this Pre-Filing Report, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:
    - (i) the hypothetical assumptions are not consistent with the purposes of the Cash Flow Forecast;
    - (ii) the probable assumptions developed by management are not suitably supported and consistent with the plans of the Just Energy Group or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
    - (iii) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions;

- (d) Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Pre-Filing Report, or relied upon by the Proposed Monitor in preparing this Pre-Filing Report; and
- (e) The Cash Flow Forecast has been prepared solely for the purpose of estimating the liquidity requirements of the Just Energy Group during the forecast period. The Cash Flow Forecast should not be relied upon for any other purpose.

## **RELIEF SOUGHT IN INITIAL ORDER**

### *Extending the CCAA protections to the Just Energy LPs*

- 68. The Initial Order provides that the Just Energy LPs be granted all of the same protections and authorizations provided to the Applicants under the Initial Order, notwithstanding that the Just Energy LPs are not “companies” within the meaning of the CCAA.
- 69. The Proposed Monitor understands that the Just Energy LPs hold many of the permits, licenses and other regulatory permissions that permit the Just Energy Group to conduct business operations in particular jurisdictions. The Proposed Monitor further understands that the business and operations of the Applicants and the Just Energy LPs are heavily intertwined, including on a day-to-day basis.
- 70. If such entities are not granted protection under the proposed Initial Order, including in respect of any enforcement proceedings by regulators (as described below), the regulators may proceed to cancel such permits, licences or other regulatory permissions as a result of the filing of these CCAA Proceedings, which the Proposed Monitor understands would be within their rights. The effect of any

such regulator actions would have material adverse effects for the Just Energy Group, including the loss of customers or an inability to operate in a particular market.

71. For the above reasons and to ensure the stability of the Just Energy Group's operations during these CCAA Proceedings, the Proposed Monitor is of the view that the protections and other authorizations permitted to the Applicants under the Initial Order should be extended to the Just Energy LPs.

*Implementing the Stay of Proceedings, including in respect of Regulators*

72. The Just Energy Group is seeking the Stay of Proceedings up to and including March 19, 2021 in respect of the Just Energy Group.
73. The Just Energy Group requires the Stay of Proceedings and other protections provided by the CCAA given that the Just Energy Group is insolvent. The Stay of Proceedings is needed to maintain the *status quo* and provide time for the Just Energy Group to consider its strategic alternatives.
74. The proposed Initial Order provides that, notwithstanding section 11.1 of the CCAA, the Stay of Proceedings should apply to provincial energy regulators and provincial regulators of consumer sales that have authority with respect to energy sales (collectively, the "**Provincial Regulators**"), except with the written consent of the Just Energy Group and the Proposed Monitor, or leave of the Court.
75. As described in the Carter Affidavit, the Just Energy Group believes that an insolvency event or the filing of these CCAA Proceedings may cause the Provincial Regulators and U.S. Regulators (together, the "**Regulators**") to enforce certain of their rights and remedies, notwithstanding that the proposed interim financing will allow the Just Energy Group to pay the Regulators everything as and when due in the ordinary course of business. Any such enforcement would have material adverse effects for the Just Energy Group. This includes requiring additional collateral to be posted, revoking Just Energy Group's rights to operate in a particular market, or transitioning the Just Energy Group's customers in that

particular market to a competitor. Any such actions by any one Regulator could severely harm existing operations. If such actions are implemented by a group of Regulators however, or by a Regulator in respect of a particularly important market for the Just Energy Group's business, this could impair the Just Energy Group's viability to continue as a going concern.

76. Given the unique circumstances facing the Just Energy Group and the severe repercussions that could result if a Stay of Proceedings is not extended to the Regulators, the Proposed Monitor is of the view that the Regulators should be temporarily stayed from exercising their rights and remedies in accordance with the Initial Order, provided they are paid amounts owing to them in the ordinary course as planned, to provide the Just Energy Group with a stable environment in which it can seek to restructure. If necessary, this matter can be revisited at the subsequent comeback hearing.

Proposed debtor-in-possession financing

77. The Applicants are seeking approval of a term sheet (the "**DIP Agreement**") between Just Energy L.P., Just Energy Group Inc. and Just Energy (U.S.) Corp. (collectively, the "**Borrowers**") and Alter Domus (US) LLC, as administrative agent for the lenders (the "**DIP Lenders**"), pursuant to which the DIP Lenders will make a debtor-in-possession facility (the "**DIP Facility**") available to the Borrowers, subject to the terms and conditions set out in the DIP Agreement, in the maximum principal amount of US\$125 million. The obligations owing to the DIP Lenders under the DIP Facility will be guaranteed by each of the remaining Applicants (the "**Guarantors**"). The Proposed Monitor cautions that, at the current time, the DIP Agreement is still under negotiation and has not been finalized.
78. Terms not otherwise defined in this section have the meanings ascribed to them in the DIP Agreement, a copy of which will be appended as an exhibit to the Carter Affidavit.
79. The Proposed Monitor understands that the salient terms of the DIP Agreement are as follows:

- (a) **DIP Charge:** The DIP Charge (as defined below) shall have been granted in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, subject to the Permitted Priority Liens;
- (b) **Term:** The DIP Facility shall be available until the earlier of (i) December 31, 2021; (ii) the CCAA Plan Implementation Date; (iii) the expiry of the stay of proceedings; (iv) the termination of the CCAA proceedings; or (v) the acceleration of the DIP Facility in accordance with the terms of the DIP Agreement upon the occurrence and during the continuation of an Event of Default;
- (c) **Interest:** Interest accrued on the principal amounts outstanding under the DIP Facility at a rate equal to 13% per annum (which will automatically increase by an additional 2% per annum upon the occurrence of any Event of Default);
- (d) **Additional Fees:** A commitment fee in an amount equal to 1% of the Maximum Amount, along with an origination fee in an amount equal to 1% of the Maximum Amount, shall each be fully earned and payable in cash on the Closing Date;
- (e) **Use of proceeds:** The Borrowers shall use the DIP Facility solely for the purposes set out in the DIP Agreement, in each case in accordance with the CCAA Orders and Cash Flow Statements, subject to the Permitted Variance, which includes funding the general corporate and working capital requirements of the Borrowers and Guarantors. Once every four weeks, the Borrowers are required to deliver a new rolling 13-week cash flow forecast to the DIP Lenders, which shall be subject to the approval of the DIP Lenders;
- (f) **Initial Draw:** The Borrowers are required to make an initial draw under the DIP Facility in the minimum aggregate amount of US\$100 million. This amount will enable them to pay specified amounts that are known to be due

during the first 10 days of the CCAA proceedings, which are detailed in the Cash Flow Forecast; and

- (g) **Events of Default:** The DIP Agreement sets Events of Default, which include, among other things, failure to abide by specified milestones in the Loan Parties' CCAA proceedings.
80. The Just Energy Group requires such interim financing to provide stability, continue going concern operations and to restructure its business. The Applicants initially solicited interim financing terms from its five largest stakeholders, which ultimately culminated in the Just Energy Group entering into the DIP Agreement with the DIP Lenders.

Engagement of Financial Advisor

81. The Just Energy Group has engaged BMO as its Financial Advisor pursuant to an engagement letter dated February 20, 2021 (the "**Financial Advisor Engagement Letter**") which will be attached as a confidential exhibit to the Carter Affidavit. The Financial Advisor's mandate is to assist the Just Energy Group with assessing its liquidity and capital needs and reviewing potential strategic opportunities and transactions.
82. The proposed Initial Order provides that the FA Charge (as defined and described below) shall secure the Financial Advisor's post-filing fees, including any success fees in connection with finalizing a DIP loan transaction and the successful closing of a strategic transaction in accordance with the terms of the Financial Advisor Engagement Letter.
83. The Proposed Monitor has discussed with the Financial Advisor the scope, allocation and complexity of the work already undertaken by it, as well as the work remaining to be completed. The Proposed Monitor understands that the Financial Advisor does not foresee the need for any out of scope work and that post-filing fees are not duplicated for services already rendered.

84. Given the scope, nature and complexity of the Financial Advisor's role and fees charged by financial advisors in similar circumstances, the Proposed Monitor is of the view that the fees charged by the Financial Advisor are reasonable in the circumstances.
85. The Proposed Monitor supports the approval of the (i) Financial Advisor Engagement Letter, and (ii) permitting the FA Charge to secure the Financial Advisor's post-filing fees (including its work fee and success fees), subject to review by the Proposed Monitor of any invoices and the services provided by the Financial Advisor. The FA Charge is proposed to rank *pari passu* with the Administration Charge and have first priority over all other charges.

Permitting certain repayments under the Credit Agreement

86. The proposed Initial Order provides that the Just Energy Group be permitted to repay advances under the Credit Agreement for the purpose of creating availability under the LC Facility (as defined in the Credit Agreement) (an "**Advance Repayment**"), and that the Just Energy Group may utilize such availability to allow letters of credit to be issued under the Credit Agreement in order to maintain ordinary business operations. The proposed Initial Order provides that the foregoing shall be subject (i) to the consent of the Proposed Monitor with respect to any letter of credit issuance, and (ii) written confirmation from the applicable lender under the Credit Agreement that they shall issue a letter of credit of equal value to an Advance Repayment.
87. Subject to the Proposed Monitor's review and prior consent with respect to any Advance Repayment and letter of credit to be issued and the respective confirmations from lenders, the Proposed Monitor is of the view that it is reasonable and appropriate for the Just Energy Group to be permitted to make Advance Repayments and obtain letters of credit in order to sustain its business operations.

Permitting certain pre-filing payments to third parties

88. Pursuant to paragraph 7(d) of the proposed Initial Order, the Just Energy Group is entitled, but not required, to pay certain pre-filing amounts to third parties for goods or services provided to the Just Energy Group prior to these CCAA Proceedings with the consent of the Proposed Monitor and provided that such third parties are critical to the business operations of the Just Energy Group.
89. In accordance with the above, the Proposed Monitor intends to review on a case-by-case basis any pre-filing payments and will only approve such payments to be made if it decides that payment of such amounts is critical to the Just Energy Group's operations. The Proposed Monitor is of the view that these conditions are sufficient in the circumstances to permit the Just Energy Group to make pre-filing payments that satisfy these conditions.

Certain other relief for Commodity Suppliers

90. The proposed Initial Order provides that any counterparty to a Commodity Agreement<sup>5</sup> or ISO Agreement<sup>6</sup> that has executed or executes a Qualified Support Agreement (as defined in the proposed Initial Order) with an entity in the Just Energy Group and refrained from exercising termination rights under the Commodity Agreement as a result of the commencement of the Proceedings (as defined in the proposed Initial Order) absent an event of default under such Qualified Support Agreement (each, a "**Qualified Commodity/ISO Supplier**"), shall be entitled to a charge that secures the Just Energy Group's obligations to the Qualified Commodity/ISO Supplier.

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<sup>5</sup> As defined in the Initial Order: a gas supply agreement, electricity supply agreement or other agreement with any Just Energy Entity for the physical or financial purchase, sale, trading or hedging of natural gas or electricity.

<sup>6</sup> As defined in the Initial Order: an agreement pursuant to which a Just Energy Entity has reimbursement obligations to a counterparty for payments made by such counterparty on behalf of such Just Energy Entity to an independent system operator that coordinates, controls and monitors the operation of an electrical power system, and includes all agreements related thereto.



91. Specifically, each Qualified Commodity/ISO Supplier shall be entitled to the benefit of a charge (the “**Priority Commodity/ISO Charge**”) on the Property in an amount equal to the value of the amounts that are due and payable, at the applicable time, for: (i)(A) the physical supply of electricity or gas that has been delivered on or after March 9, 2021; (B) financial settlements on or after March 9, 2021; and (C) amounts owing under a confirmation or transaction that was executed on or after March 9, 2021 pursuant to a Commodity Agreement as a result of the termination thereof in accordance with the applicable Qualified Support Agreement; and (ii) for services actually delivered by a Qualified Commodity/ISO Supplier on or after March 9, 2021 pursuant to an ISO Agreement (but for greater certainty, excluding any amount owing for ISO services provided under the ISO Agreement on or before the date of the Initial Order, whether or not yet due).
92. The proposed Initial Order does not specify a limit for the Priority Commodity/ISO Charge. Instead, such charge shall secure the actual quantum of supplies provided by the Qualified Commodity/ISO Suppliers that it is intended to secure. The proposed Initial Order further provides that if a Qualified Commodity/ISO Supplier ceases to be a Qualified Commodity/ISO Supplier, it shall no longer benefit from such charge.
93. The proposed Initial Order also provides that those Qualified Support Agreements that may be entered into among the Qualified Commodity/ISO Suppliers and the Just Energy Group confirming the terms for the continued supply by the Qualified Commodity/ISO Suppliers are to be approved. The Proposed Monitor understands that certain Qualified Support Agreements are under negotiation but have not yet been finalized.
94. Pursuant to the proposed Initial Order, the Proposed Monitor, if appointed, will post a report on its website, on a monthly basis, setting out the total value of obligations to the Qualified Commodity/ISO Suppliers, thereby allowing any stakeholder concerned about the size of the secured obligation to seek an appropriate remedy at that time.

95. As the Proposed Monitor has indicated herein, the Just Energy Group relies on a small group of Commodity Suppliers and ISO Suppliers to provide critical services, including the supply of electricity that the Just Energy Group resells to customers. If any such supply or services are stopped, delayed or otherwise impaired, the Proposed Monitor believes that such actions will have a material adverse effect on the operations of the Just Energy Group.
96. Further, certain of the Commodity Agreements or ISO Agreements may be eligible financial contracts that would be subject to termination, which is why the Just Energy Group is requesting this particular relief in order to encourage the counterparties under such contracts to continue to do business with it.
97. In agreeing to continue to supply commodities and provide services under the Commodity Agreements and ISO Agreements, the counterparties are providing new value to the Applicants that will allow them to continue operating in the ordinary course of business after the date of the Initial Order. In order to protect that continued supply of goods and services, the Priority Commodity/ISO Charge secures the payment for such post-filing provision of goods and services.
98. As outlined above, there is an Intercreditor Agreement that governs the priority for payments made by the Applicants to certain counterparties and lenders. We understand that various parties may wish to seek to have the court determine the application of such Intercreditor Agreement to payments and priorities as part of these proceedings. While the Intercreditor Agreement may be relevant with respect to certain pre-filing obligations of the Applicants, given that the Commodity Agreement and ISO Agreement counterparties could terminate their existing arrangements (requiring the Applicants to attempt to find replacement suppliers which may not be practically possible), the Proposed Monitor views the continued supply and provision of services as fresh, post-filing consideration.
99. As such, the Proposed Monitor is of the view that, at least until any potential dispute on the point is properly presented for a determination by this Court:

- (a) post-filing supply of goods and services pursuant to the Commodity Agreements and ISO Agreements should be governed only by the Initial Order and should be treated as separate and apart from the certain pre-filing amounts governed by the Intercreditor Agreement; and
  - (b) entitlement to the consideration for such newly supplied goods and services under the Commodity Agreements and ISO Agreements should be for the exclusive benefit of the actual counterparty delivering such post-filing goods and services and governed by the Priority Commodity/ISO Charge.
100. For the foregoing reasons, the Proposed Monitor is of the view that the Qualified Support Agreements consistent with the terms hereof should be approved and the Priority Commodity/ISO Charge be granted.

*Court-ordered charges sought in the proposed Initial Order*

**(i) Administration Charge**

101. The Initial Order provides for a charge in the amount of up to \$2.2 million (the “**Administration Charge**”), covering the period until the comeback hearing, in favour of the Proposed Monitor, the Proposed Monitor’s Canadian and U.S. counsel, and the Just Energy Group’s Canadian and U.S. counsel as security for their professional fees and disbursements incurred both before and after the making of the Initial Order in respect of these CCAA Proceedings.
102. The Administration Charge currently only secures the fees expected to be incurred by the foregoing professionals prior to and during the initial 10-day stay period prior to the comeback hearing. The quantum of the Administration Charge has been established based on the various professionals’ previous history and experience with cross-border restructurings of similar scope and complexity. The Proposed Monitor believes that such a charge is required and reasonable in the circumstances. The Proposed Monitor will comment on the proposed amendment to increase the amount of the Administration Charge at the comeback hearing as part of a further report to this Court.

**(ii) FA Charge**

103. The Initial Order provides for a charge in the amount of up to \$1.8 million (the “**FA Charge**”), covering the period until the comeback hearing, in favour of the Financial Advisor as security for (i) its professional fees and disbursements incurred both before and after the making of the Initial Order in respect of these CCAA Proceedings, and (ii) any success fees earned by the Financial Advisor in accordance with the terms of the Financial Advisor Engagement Letter. The FA Charge is intended to have an equal ranking to the Administration Charge.
104. The FA Charge currently only secures the fees earned prior to and during the initial 10-day stay period prior to the comeback hearing. The Proposed Monitor will comment on the proposed amendment to increase the amount of the FA Charge at the comeback hearing as part of a further report to this Court.
105. Given the Financial Advisor’s critical role in these restructuring proceedings and in exploring strategic transaction opportunities, the Proposed Monitor is of the view that such a charge is reasonable in the circumstances.

**(iii) Directors’ Charge**

106. The Proposed Monitor understands that the Just Energy Group’s present and former directors and officers are among the potential beneficiaries under liability insurance policies (the “**D&O Insurance**”) that cover an aggregate annual limit of approximately \$38.5 million. The Proposed Monitor understands that there may not be sufficient coverage under the D&O Insurance, given various exceptions and exclusions thereunder and as result of claims having been made thereunder.
107. The Just Energy Group is seeking the Directors’ Charge in the amount of \$30 million with priority over all encumbrances on the Just Energy Group’s property other than the Administration Charge and the FA Charge. The Proposed Monitor was involved in determining the quantum of the Directors’ Charge.

108. The proposed Directors' Charge represents the amount applicable during the initial 10-day stay period prior to the comeback hearing. The Proposed Monitor will comment on the proposed amendment to increase the amount of the Directors' Charge at the comeback hearing as part of a further report to this Court.
109. The Proposed Monitor is of the view that the amount of the Directors' Charge is reasonable in relation to the quantum of the estimated potential liability of the Just Energy Group's directors and officers, which includes significant potential director and officer liabilities under U.S. laws, including (i) approximately \$10.2 million potential liability under U.S. laws in respect of sales taxes, and (ii) approximately \$2.9 million potential liability under U.S. laws in respect of wages, source deductions and accrued vacation. The Just Energy Group's directors and officers are only entitled to the benefit of the Directors' Charge to the extent that coverage under the D&O Insurance is insufficient.
110. The Just Energy Group's directors have the necessary background and knowledge, particularly with respect to the complex regulatory environment in which the Just Energy Group operates, to steer it through these CCAA Proceedings. The Proposed Monitor also understands that the Just Energy Group's directors have insisted on the protection of the Directors' Charge in order to remain on the board during the course of the CCAA Proceedings. For the foregoing reasons, the Proposed Monitor is of the view that the Directors' Charge is necessary to ensure that the directors stay with the Just Energy Group and assist it through these CCAA Proceedings.

**(iv) DIP Charge**

111. The Applicants are seeking an Order granting the DIP Lender a charge (the "**DIP Charge**") over all of the present and future assets, property and undertaking of the Applicants, in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, subject to the Administration Charge, FA Charge, Directors' Charge, KERP Charge, and shall rank *pari passu* with the Priority Commodity/ISO Charge. The DIP Charge will secure all Obligations owing to the DIP Lenders under the DIP Facility.

112. The Monitor is of the view that the DIP Facility represents the necessary financing which allows the Just Energy Group to pay certain critical payables, including to ERCOT to prevent the application of ERCOT's POLR rights, and maintain the Just Energy Groups' ongoing operations. The requested DIP Charge does not secure any advances made to the Applicants prior to the commencement of the CCAA proceedings.
113. The Monitor recommends that the Court approve the DIP Agreement, DIP Facility and accordingly, also supports the granting of the DIP Charge.

**(v) KERP Charge and Employee Bonus**

114. The Just Energy Group will be seeking a key employee retention plan charge (the "**KERP Charge**") as part of an amended and restated initial order to be requested at the subsequent comeback hearing. The Proposed Monitor intends to review and comment on the KERP Charge as part of a further report to the Court.
115. The Just Energy Group will also be seeking the authority to pay certain employee bonuses in the amount of approximately \$3.2 million on April 2, 2021 (the "**Employee Bonus**"). The Proposed Monitor intends to review and comment on the Employee Bonus as part of a further report to the Court.

**(vi) Priority Commodity/ISO Suppliers Charge**

116. As noted above, the proposed Initial Order provides for a Priority Commodity/ISO Charge in favour of Qualified Commodity/ISO Suppliers, which is intended to ensure the continuing supply of critical goods and services to the Just Energy Group. Such charge does not have a set limit. Instead, it secures the actual amounts of the obligations to the Qualified Commodity/ISO Suppliers as described earlier herein, and in strict accordance with the terms of the Initial Order.
117. Just Energy's ongoing relationship with its Commodity Suppliers and ISO Suppliers is critical to these CCAA Proceedings and the long-term viability of Just

Energy Group's operations. For this reason, the Proposed Monitor is of the view that the Priority Commodity/ISO Charge is necessary and should be granted.

### **Summary of the Proposed Rankings of the Court-Ordered Charges**

118. If the proposed Initial Order is granted, the proposed Court-ordered charges would have the following ranking:
- (a) First – the Administration Charge in the amount of \$2.2 million and the FA Charge in the amount of \$1.8 million on a *pari passu* basis;
  - (b) Second – the Directors' Charge in the amount of \$30 million; and
  - (c) Third – the DIP Charge in in the amount of funds actually advanced under the DIP Facility and the Priority Commodity/ISO Charge on a *pari passu* basis.
119. The Proposed Monitor believes that the proposed Court-ordered charges and rankings are required and reasonable in the circumstances of these CCAA Proceedings in order to preserve the going concern operations of the Just Energy Group and maintain its enterprise value, and accordingly, supports the granting of and the proposed ranking of the charges.

## **CHAPTER 15 PROCEEDINGS**

120. The Just Energy Group seeks authorization under the proposed Initial Order to apply for foreign recognition and approval of these CCAA proceedings in foreign jurisdictions, including the United States pursuant to the chapter 15 of Title 11 of the United States Code (the "**Chapter 15 Proceedings**"). The Initial Order provides that the Applicant, Just Energy Group Inc., is authorized to act as the foreign representative for the purpose of the Chapter 15 Proceedings.
121. The Proposed Monitor agrees that recognition of the proposed Initial Order in the United States, including the Stay of Proceedings, is necessary to preserve the going concern value of the Just Energy Group's business and further agrees that the Chapter 15 proceedings should be commenced immediately. The Proposed Monitor

has reviewed the circumstances, including facts set out in the Carter Affidavit, and agrees that Canada is the centre of main interest for the Just Energy Group.

## CONCLUSION

122. The Proposed Monitor is of the view that the relief requested by the Just Energy Group pursuant to the proposed Initial Order is necessary, reasonable and justified, particularly in the context of the unprecedented challenges that have resulted from the Texas weather event. The Proposed Monitor is also of the view that granting the relief requested will provide the Just Energy Group the best opportunity to preserve value and maximize recoveries for its stakeholders.
123. The Proposed Monitor believes that the requested relief is justified by the exceptional circumstances confronting the Just Energy Group and is of the view that the Just Energy Group faces significant risks to its going concern operations if the requested relief is not granted.
124. Accordingly, the Proposed Monitor respectfully recommends that the Just Energy Group's request for the proposed Initial Order be granted.

The Proposed Monitor respectfully submits to the Court this Pre-Filing Report dated this 9<sup>th</sup> day of March, 2021.

**FTI Consulting Canada Inc.**, in its capacity as proposed Monitor of Just Energy Group Inc. et al. and not in its personal or corporate capacity



---

Per: Paul Bishop  
Senior Managing Director



## Schedule “A”

**Commodity Agreement**” means a gas supply agreement, electricity supply agreement or other agreement with any Just Energy Entity for the physical or financial purchase, sale, trading or hedging of natural gas or electricity.

**“Embedded gross margin”** is a standard industry term that means the gross margin expected to be realized over the next five years from existing customers.

**“ERCOT”** means the Electric Reliability Council of Texas, an ISO.

**“FERC”** means the U.S. Federal Energy Regulatory Commission.

**“ISO”** means an independent system operator; an independent, regulated entity established to coordinate regional transmission and ensure the safety and reliability of the electric system.

**“ISO Servicing Agreement”** means an agreement pursuant to which a Just Energy Entity has reimbursement obligations to a counterparty for payments made by such counterparty on behalf of such Just Energy Entity to an independent system operator that coordinates, controls and monitors the operation of an electrical power system, and includes all agreements related thereto.

**“LDC”** means a local distribution company; the natural gas or electricity distributor for a regulatory or governmentally defined geographic area.

**“POLR”** means a provider of last resort, an energy retailer that has been selected by ERCOT to take over customers from another energy retailer that has been removed from the Texas electricity market by ERCOT.

**“Protocols”** means the ERCOT rules for market participants in the Texas energy market.

**“PUCT”** means the Public Utility Commission of Texas, a public body that oversees the ERCOT and otherwise manages the Texas utilities system.

**“RCE”** means residential customer equivalent, which is a unit of measurement equivalent to a customer using 2,815 m<sup>3</sup> (or 106 GJs or 1,000 Therms or 1,025 CCFs) of natural gas on an annual basis or 10 MWh (or 10,000 kWh) of electricity on an annual basis, which represents the approximate amount of gas and electricity, respectively, used by a typical household in Ontario, Canada

**Schedule “B”  
Just Energy LPs**

- Just Energy Ontario L.P.
- Just Energy Manitoba L.P.
- Just Energy (B.C.) Limited Partnership
- Just Energy Québec L.P.
- Just Energy Trading L.P.
- Just Energy Alberta L.P.
- Just Green L.P.
- Just Energy Prairies L.P.
- JEBPO Services LLP
- Just Energy Texas LP

**Appendix "A"**  
**Cash Flow Forecast**

## Just Energy Group Inc. et al

CCA 13-Week Cash Flow Forecast

March 9, 2021

(CAD\$ in millions)

Weeks Ending (Sunday) <sup>1</sup>	3/14/21	3/21/21	3/28/21	4/4/21	4/11/21	4/18/21	4/25/21	5/2/21	5/9/21	5/16/21	5/23/21	5/30/21	6/6/21	13-Week	
Forecast Week	1	2	3	4	5	6	7	8	9	10	11	12	13	Total	
<b>RECEIPTS</b>															
Sales Receipts	[2]	\$28.6	\$48.5	\$46.3	\$35.2	\$44.4	\$41.8	\$67.1	\$48.3	\$48.4	\$42.6	\$60.5	\$55.1	\$41.8	\$608.5
Miscellaneous Receipts	[3]	-	-	-	2.4	-	-	-	5.6	-	-	-	-	8.0	
<b>Total Receipts</b>		\$28.6	\$48.5	\$46.3	\$37.6	\$44.4	\$41.8	\$67.1	\$53.9	\$48.4	\$42.6	\$60.5	\$55.1	\$41.8	\$616.5
<b>DISBURSEMENTS</b>															
<i>Operating Disbursements</i>															
Energy and Delivery Costs	[4]	(\$172.1)	(\$52.5)	(\$9.7)	(\$25.0)	(\$13.2)	(\$16.0)	(\$79.8)	(\$26.8)	(\$13.6)	(\$14.6)	(\$103.2)	(\$36.9)	(\$10.8)	(\$574.1)
Payroll	[5]	-	-	(2.5)	(3.2)	(2.5)	-	(2.5)	-	(2.5)	-	(2.5)	-	(6.5)	(22.3)
Taxes	[6]	(0.1)	(5.3)	(6.0)	(0.0)	(0.1)	-	(5.0)	(12.6)	-	(0.2)	(4.7)	(2.4)	(0.1)	(36.6)
Commissions	[7]	(2.2)	(4.0)	(4.5)	(0.6)	(2.5)	(0.7)	(4.8)	(0.7)	(1.4)	(0.4)	(4.5)	(0.7)	(0.6)	(27.8)
Selling and Other Costs	[8]	(3.2)	(3.4)	(3.5)	(4.5)	(5.0)	(3.5)	(3.3)	(4.1)	(4.7)	(2.9)	(3.5)	(2.9)	(4.0)	(48.4)
<b>Total Operating Disbursements</b>		(\$177.6)	(\$65.2)	(\$26.3)	(\$33.4)	(\$23.3)	(\$20.2)	(\$95.4)	(\$44.1)	(\$22.1)	(\$18.0)	(\$118.5)	(\$42.9)	(\$22.0)	(\$709.1)
<b>OPERATING CASH FLOWS</b>		(\$149.0)	(\$16.7)	\$19.9	\$4.2	\$21.1	\$21.6	(\$28.4)	\$9.7	\$26.3	\$24.6	(\$57.9)	\$12.2	\$19.8	(\$92.6)
<i>Financing Disbursements</i>															
Credit Facility - Borrowings / (Repayments)	[9]	\$126.0	\$-	\$31.5	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$157.5
Interest Expense & Fees	[10]	(3.2)	-	-	(1.4)	-	-	-	(1.3)	-	-	-	-	(1.4)	(7.2)
<i>Restructuring Disbursements</i>															
Professional Fees	[11]	-	(1.4)	(2.6)	(1.3)	(1.6)	(1.1)	(1.1)	(0.8)	(1.1)	(0.8)	(0.9)	(0.9)	(0.9)	(14.4)
<b>NET CASH FLOWS</b>		(\$26.2)	(\$18.1)	\$48.9	\$1.6	\$19.5	\$20.5	(\$29.5)	\$7.6	\$25.2	\$23.8	(\$58.9)	\$11.3	\$17.6	\$43.3
<b>CASH</b>															
Beginning Balance		\$77.3	\$51.2	\$33.0	\$81.9	\$83.5	\$103.0	\$123.5	\$94.0	\$101.6	\$126.9	\$150.6	\$91.8	\$103.1	\$77.3
Net Cash Inflows / (Outflows)		(26.2)	(18.1)	48.9	1.6	19.5	20.5	(29.5)	7.6	25.2	23.8	(58.9)	11.3	17.6	43.3
Other (FX)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>ENDING CASH</b>		\$51.2	\$33.0	\$81.9	\$83.5	\$103.0	\$123.5	\$94.0	\$101.6	\$126.9	\$150.6	\$91.8	\$103.1	\$120.7	\$120.7
<b>BORROWING SUMMARY</b>															
DIP Facility Credit Limit		\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5
DIP Draws		126.0	-	31.5	-	-	-	-	-	-	-	-	-	-	-
DIP Principal Outstanding		126.0	126.0	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5
DIP Availability		\$31.5	\$31.5	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-

1. The week shown as ending March 14, 2021 reflects a 6-day stub week from March 9 (the filing date) to 3/14/21.

2. Sales Receipts include collections from the Company's residential and commercial customers for the sale of energy, which primarily consists of electricity and natural gas, inclusive of sales tax. The sales forecast is based on historical sales patterns, seasonality, and management's current expectations.

3. Miscellaneous receipts reflect forecasted tax refunds and other receipts not sent from customers.

4. Energy & Delivery costs reflect the purchase energy from suppliers and the cost of delivery and transmission to the Company's customers.

5. Payroll disbursements reflect the current staffing levels and recent payroll amounts, inclusive of any payments associated with the Company's bonus programs.

6. Taxes reflect the remittance of sales taxes collected from customers and the Company's corporate income taxes.

7. Commissions include fees paid to customer acquisition contractors and suppliers.

8. Selling and Other Costs include selling, general, administrative and interest payments.

9. The Credit Facility Borrowings / (Repayments) assume USD\$ 100 million of the DIP is drawn immediately, with a subsequent draw for the remainder of the facility within the first few weeks of the proceedings.

10. Interest expenses & fees include interest and fees on the Company's credit facilities.

11. Professional Fees include fees for the Company's counsel and investment banker, the Monitor, the Monitor's Counsel, and the DIP lenders' professionals.

## Just Energy Group Inc. et al

CCA 13-Day Cash Flow Forecast

March 9, 2021

(CAD\$ in millions)

Forecast Week		3/9/21	3/10/21	3/11/21	3/12/21	3/13/21	3/14/21	3/15/21	3/16/21	3/17/21	3/18/21	3/19/21	3/20/21	3/21/21	13-Day Total
<b>RECEIPTS</b>															
Sales Receipts	[1]	\$8.7	\$6.3	\$6.9	\$6.7	\$ -	\$ -	\$8.2	\$9.8	\$8.0	\$10.1	\$12.4	\$ -	\$ -	\$77.1
Miscellaneous Receipts	[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>		<b>\$8.7</b>	<b>\$6.3</b>	<b>\$6.9</b>	<b>\$6.7</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$8.2</b>	<b>\$9.8</b>	<b>\$8.0</b>	<b>\$10.1</b>	<b>\$12.4</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$77.1</b>
<b>DISBURSEMENTS</b>															
<i>Operating Disbursements</i>															
Energy and Delivery Costs	[3]	(\$121.2)	(\$45.8)	(\$7.9)	\$2.7	\$ -	\$ -	(\$1.8)	(\$7.0)	(\$22.6)	(\$6.1)	(\$15.0)	\$ -	\$ -	(\$224.6)
Payroll	[4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	[5]	-	(0.1)	-	-	-	-	(5.3)	-	-	-	-	-	-	(5.4)
Commissions	[6]	(0.0)	-	-	(2.2)	-	-	-	(0.3)	(3.2)	-	(0.6)	-	-	(6.3)
Selling and Other Costs	[7]	(1.0)	(1.0)	(0.0)	(1.0)	-	-	(0.0)	(1.1)	(1.1)	(0.0)	(1.1)	-	-	(6.6)
<b>Total Operating Disbursements</b>		<b>(\$122.2)</b>	<b>(\$46.9)</b>	<b>(\$7.9)</b>	<b>(\$0.5)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$7.1)</b>	<b>(\$8.4)</b>	<b>(\$26.9)</b>	<b>(\$6.2)</b>	<b>(\$16.7)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$242.8)</b>
<b>OPERATING CASH FLOWS</b>		<b>(\$113.5)</b>	<b>(\$40.6)</b>	<b>(\$1.0)</b>	<b>\$6.1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1.1</b>	<b>\$1.4</b>	<b>(\$18.8)</b>	<b>\$3.9</b>	<b>(\$4.3)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$165.7)</b>
<i>Financing Disbursements</i>															
Credit Facility - Borrowings / (Repayments)	[8]	\$126.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$126.0
Interest Expense & Fees	[9]	(3.2)	-	-	-	-	-	-	-	-	-	-	-	-	(3.2)
<i>Restructuring Disbursements</i>															
Professional Fees	[10]	-	-	-	-	-	-	(1.4)	-	-	-	-	-	-	(1.4)
<b>NET CASH FLOWS</b>		<b>\$9.3</b>	<b>(\$40.6)</b>	<b>(\$1.0)</b>	<b>\$6.1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$0.4)</b>	<b>\$1.4</b>	<b>(\$18.8)</b>	<b>\$3.9</b>	<b>(\$4.3)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$44.3)</b>
<b>CASH</b>															
Beginning Balance		\$77.3	\$86.7	\$46.1	\$45.0	\$51.2	\$51.2	\$51.2	\$50.8	\$52.2	\$33.4	\$37.3	\$33.0	\$33.0	\$77.3
Net Cash Inflows / (Outflows)		9.3	(40.6)	(1.0)	6.1	-	-	(0.4)	1.4	(18.8)	3.9	(4.3)	-	-	(44.3)
Other (FX)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>ENDING CASH</b>		<b>\$86.7</b>	<b>\$46.1</b>	<b>\$45.0</b>	<b>\$51.2</b>	<b>\$51.2</b>	<b>\$51.2</b>	<b>\$50.8</b>	<b>\$52.2</b>	<b>\$33.4</b>	<b>\$37.3</b>	<b>\$33.0</b>	<b>\$33.0</b>	<b>\$33.0</b>	<b>\$33.0</b>
<b>BORROWING SUMMARY</b>															
DIP Facility Credit Limit		\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$157.5	\$ -
DIP Draws		126.0	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Principal Outstanding		126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	-
DIP Availability		\$31.5	\$31.5	\$31.5	\$31.5	\$31.5	\$31.5	\$31.5	\$31.5	\$31.5	\$31.5	\$31.5	\$31.5	\$31.5	\$ -

1. Sales Receipts include collections from the Company's residential and commercial customers for the sale of energy, which primarily consists of electricity and natural gas, inclusive of sales tax. The sales forecast is based on historical sales patterns, seasonality, and management's current expectations.

2. Miscellaneous receipts reflect forecasted tax refunds and other receipts not sent from customers.

3. Energy & Delivery costs reflect the purchased energy from suppliers and the cost of delivery and transmission to the Company's customers.

4. Payroll disbursements reflect the current staffing levels and recent payroll amounts, inclusive of any payments associated with the Company's bonus or programs.

5. Taxes reflect the remittance of sales taxes collected from customers and the Company's corporate income taxes.

6. Commissions include fees paid to customer acquisition contractors and suppliers.

7. Selling and Other Costs include selling, general, administrative and interest payments.

8. The Credit Facility Borrowings / (Repayments) assume USD\$ 100 million of the DIP is drawn immediately, with a subsequent draw for the remainder of the facility within the first few weeks of the proceedings.

9. Interest expenses & fees include interest and fees on the Company's credit facilities.

10. Professional Fees include fees for the Company's counsel and investment banker, the Monitor, the Monitor's Counsel, and the DIP lenders' professionals.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **JUST ENERGY GROUP INC.**, JUST ENERGY CORP., ONTARIO ENERGY COMMODITIES INC., UNIVERSAL ENERGY CORPORATION, JUST ENERGY FINANCE CANADA ULC, HUDSON ENERGY CANADA CORP., JUST MANAGEMENT CORP., JUST ENERGY FINANCE HOLDING INC., 11929747 CANADA INC., 12175592 CANADA INC., JE SERVICES HOLDCO I INC., JE SERVICES HOLDCO II INC., 8704104 CANADA INC. JUST ENERGY ADVANCED SOLUTIONS CORP., JUST ENERGY (U.S.) CORP., JUST ENERGY ILLINOIS CORP., JUST ENERGY INDIANA CORP., JUST ENERGY MASSACHUSETTS CORP., JUST ENERGY NEW YORK CORP., JUST ENERGY TEXAS I CORP., JUST ENERGY, LLC, JUST ENERGY PENNSYLVANIA CORP., JUST ENERGY MICHIGAN CORP., JUST ENERGY SOLUTIONS INC., HUDSON ENERGY SERVICES LLC, HUDSON ENERGY CORP., INTERACTIVE ENERGY GROUP LLC, HUDSON PARENT HOLDINGS LLC, DRAG MARKETING LLC, JUST ENERGY ADVANCED SOLUTIONS INC., FULCRUM RETAIL ENERGY LLC, FULCRUM RETAIL HOLDINGS LLC, TARA ENERGY, LLC, JUST ENERGY MARKETING CORP., JUST ENERGY CONNECTICUT CORP., JUST ENERGY LIMITED, JUST SOLAR HOLDINGS CORP., JUST ENERGY (FINANCE) HUNGARY ZRT. (the "**Applicants**")

**March 9, 2021**

**REPORT ON CASH FLOW STATEMENT**

**(Paragraph 10.2(b) of the CCAA)**

The management of the Applicants has developed the assumptions and prepared the attached statement of projected cash flow as of March 9, 2021 consisting of (i) a 13-week cash flow forecast for the period March 9, 2021 to June 6, 2021 and (ii) a daily cash flow forecast for the 14-day period from March 9, 2021 to March 21, 2021 (together, the "**Forecasts**").

The purpose of the Forecasts is to estimate the liquidity requirements of the Applicants during the respective forecast periods. The hypothetical assumptions are reasonable and consistent with the purpose of the projections, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Forecasts.

Since the Forecasts are based on future events, actual results will vary from the information presented and the variations may be material.

The Forecasts have been prepared solely for the purpose outlined above, using the probable and hypothetical assumptions set out in notes to the Forecasts. Consequently, readers are cautioned that the Forecasts may not be suitable for other purposes.

Dated at Houston, Texas, this 8<sup>th</sup> day of March 2021.

A handwritten signature in black ink, appearing to read "Michael Carter", written in a cursive style.

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Michael Carter  
Chief Financial Officer  
Just Energy Group Inc.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**PRE-FILING REPORT OF THE PROPOSED MONITOR**

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Lawyers for the proposed Monitor,  
FTI Consulting Canada Inc.



IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **JUST ENERGY GROUP INC. et al**  
(each, an “**Applicant**”, and collectively, the “**Applicants**”)

Court File No. CV-21-00658423-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceedings commenced at Toronto

**FIRST REPORT OF THE MONITOR**

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