Request IR - 4

Reference: N-1(i), Exhibit D-1, pdf p.41-43 proposed Monthly Assessment.

(a) Please provide particulars of commercial lenders approached by IESO-NS, including what financing was sought, on which date, each lender's response(s), specific (verbatim) criteria to qualify for financing and steps taken by IESO-NS to meet the qualification criteria.

(b) Please provide a copy of any rejection letter(s) received from the applicable commercial lenders.

(c) Please provide a copy of the Provincial loan agreement (in confidence or with redactions, only if necessary) and a schedule showing the daily balances assumed in the interest forecast.

(d) Please provide the projected utilization of the $10 million line of credit, monthly, and specifically address how IESO-NS anticipates exhausting the entirety of that line of credit by May 2026.

(e) Please provide any formal requests made to the Province for additional financing or other support (including guarantees for commercial financing).

Response IR - 4

Please note that the NSEB approved IESO Nova Scotia's request for temporary financial relief pursuant to the Board's letter of February 26, 2026.

(a) *Each commercial lender approached:*

The IESO approached one commercial lender, The Royal Bank of Canada (RBC). IESO Nova Scotia has an existing banking relationship with RBC, and reasonably assumed that its best chance of securing financing would be with the same. In discussion with RBC, it was made known that because the IESO is newly created, has no material assets, no revenue, no guarantor for conventional operational finance, no approved revenue, no credit history, and existing debt to the province, that the IESO would not meet core lending requirements. Please refer to Attachment 1 for RBC's formal summary of their position.

Financial institutions underwrite against proven or predictable cash flows, collateral/security, credit history and strength of a third-party guarantor; in the IESO's case, none of those elements are present.

Under the circumstances, IESO Nova Scotia believes that RBC's position is reasonable, and would be repeated across the traditional and regulated commercial lending market. Instead, IESO Nova Scotia focused its limited resources on other means of ascertaining access to cash, as opposed to meeting with multiple lenders, all with similar imposed lending criteria.

As noted in the Application, IESO's rebuttal regarding the temporary financial relief request, and various IR responses, efforts are and have been focused on the development and filing of the Revenue Requirement application, and ultimate development of a permanent fee and cost recovery mechanism. IESO Nova Scotia believes this is the best and most cost-effective path forward, as opposed to the accumulation of debt for ultimate repayment.

Financing sought:

$950,000 a month in financing was needed, as articulated in the IESO's Application and further clarified with further detail in its rebuttal regarding the temporary financial relief request. As noted in the rebuttal under the "Calculation of the $950,000 monthly fee" section, this amount was the lowest possible monthly fee to sustain operations, based on the IESO's total revenue requirement of the Board approved 2025/26 amount of $5.31M, the 2026/27 amount of $14.85M, and a procurement budget of $3.1M. That said, IESO Nova Scotia sought any amount of financing from RBC. For the reasons noted above, discussions with RBC revealed it was simply not prepared to advance credit, beyond a corporate credit card, to support operations.

Date:

Discussions regarding the IESO Nova Scotia's financial status and the need for credit products have been ongoing with RBC since July 2025.

Lender's response:

Please refer to Attahchment 1 for a formal written response from RBC summarizing prior communications with them.

Criteria to qualify:

The letter from RBC provided in Attachment 1 provides the following criteria:

- established revenue,

- approved future revenue,
- meaningful credit history,
- existing material assets,
- or a loan guarantee to support conventual financing, etc

Steps taken to meet criteria:

IESO Nova Scotia needs revenue to fund and maintain its operations. As result of the NSEB's recent Decision approving the IESO's 2025/26 revenue requirement (M12412), the IESO expects to return to discuss financing eligibility with RBC, although IESO Nova Scotia is not in a position to speak to RBC's (or any other lenders) perspective on its creditworthiness and eligibility to meet lending criteria at some point in the future. That said, the need for financing is now dramatically reduced - if not eliminated - based on the Board's recent interim Decision approving the temporary financial relief request. Moreover, NSEB approval of a permanent fee and cost recovery mechanism is expected to further reduce or eliminate the need for external financing at this time; IESO Nova Scotia intends to stakeholder that mechanism in the near future and submit an application to the NSEB for review and approval in Q1 2026/27.

Please also refer to page 5 of IESO Nova Scotia's rebuttal submission of February 19, 2026.

(b) While IESO Nova Scotia had received clear indication from RBC that, without a guarantee, revenue, or assets as security, it would not meet the criteria for a commercial financing facility, no formal rejection letter was received. However, RBC has provided confirmation of its reasons in writing per Attachment 1.

(c) Please refer to IG IR-1 Attachment 7. There is no daily forecast as the budget assumes that the full $10M was drawn evenly across 365 days of the 2026/2027 fiscal year.

(d) Please refer to pages 4-7 of IESO Nova Scotia's rebuttal submission of February 19, 2026.

(e) No formal documents were produced regarding the requests to the Province for additional financing. IESO Nova Scotia approached the Province first for funding, and was advised that $10M was the maximum available.

James Taylor
Director, Corporate Client Group
Commercial Financial Services

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To Whom It May Concern,

Further to our ongoing discussions with the Nova Scotia Independent Energy System Operator ("NSIESO"), up to and including January 20, 2026, RBC summarily reviewed the organization's financial profile during its initial establishment phase. Based on information provided to us at that time, NSIESO did not have established revenue, approved future revenue, a meaningful credit history, existing material assets, or a loan guarantee to support conventional financing. Accordingly, as of January 20, 2026, NSIESO would not have met RBC's requirements for direct or material commercial financing.

RBC noted that any interim financing at that time would have required credit support from the Province of Nova Scotia or another creditworthy sponsor. This assessment was consistent with standard lending practices for newly formed entities without any revenue or asset backing.

This confirmation is provided solely to reflect the circumstances as they existed on January 20, 2026, and does not constitute an offer of credit, a continuing commitment, or an assessment of NSIESO's current financial condition or eligibility for financing, which may have changed.

Sincerely,

James Taylor

James Taylor