

Minutes of a meeting of a panel of the Canadian Nuclear Safety Commission (CNSC) held on Tuesday, February 11, 2003, in a closed session at CNSC Offices, 280 Slater Street, Ottawa, Ontario.

Present:

L.J. Keen, Chair

M.A. Leblanc, Secretary

I. V. Gendron, Senior Counsel

## **1. Agenda**

A closed session of a panel of the Commission was held to consider the acceptability of the financial guarantees proposed by Bruce Power Inc. in anticipation of the sale by British Energy plc of all its interests in Bruce Power Inc. and Bruce Power LP to Cameco Corporation, TransCanada Pipelines Limited and BPC Generation Infrastructure Trust.

## **2. Background**

On December 23, 2002, British Energy plc announced its intention to sell all of its interests in Bruce Power Lp and Bruce Power Inc. to Cameco Corporation, TransCanada Pipelines Limited and BPC Generation Infrastructure Trust. The closing of the sale is anticipated to take place on February 12, 2003.

Condition 11.3 of the Bruce "B" operating licence PROL 16.04/2003 requires that the letters of financial guarantees from British Energy plc and Cameco Corporation, or other financial guarantee arrangements in a form acceptable to the Commission, shall remain in effect during the term of the licence. On closing of the anticipated sale mentioned above, and without other financial guarantee arrangements, Bruce Power Inc. may no longer be in a position to meet its obligations under condition 11.3 of the Bruce "B" licence with respect to the financial guarantee from British Energy plc. Also, the terms of the current Cameco Corporation letter of financial guarantee will no longer match with its new, increased investment and interest in Bruce Power Inc.

To avoid a contravention of licence condition 11.3, Bruce Power Inc. has requested a decision by the Commission on the acceptability of the proposed new financial guarantee arrangements which would take effect at closing of the sale mentioned above and replace the current financial guarantees. These guarantees would be provided by the new investors in the form of letters of guarantees to Bruce Power Inc. for a total amount of 264 million dollars, covering the same amount as was previously in place under the current financial guarantees. Each guarantor would provide a letter of guarantee in the amount of 88 million dollars. Bruce Power Inc. has also confirmed that it will continue to report quarterly on the status of the financial guarantees and that these reports will be in the same form as those filed in the past as required under licence condition 11.3.

Further to their review of the proposed financial guarantees, CNSC staff has recommended, as stated in CMD 03-PM1, that the Commission approve the proposed new financial guarantees for the purposes of condition 11.3 of the Bruce “B” licence and find that the current guarantees are no longer required once the new guarantees are in effect. CNSC staff has also indicated that the proposed financial guarantees are interim in nature as the issue of operating financial guarantees for the Bruce Power Inc. operational licences will be addressed in the context of the public hearings for the renewal of these licences currently planned to be held in June and September 2003. Staff is also of the view that, at this time, the proposed guarantees are adequate to cover both the Bruce “A” and “B” units.

### **3. Considerations**

The panel of the Commission understands that the terms of the financial guarantees provided by the new shareholders of Bruce Power Inc. are substantially similar to those under the current letters of guarantee. The panel also understands that the new financial guarantees will be in place at least until the financial guarantees are reviewed in the context of licence applications to be heard by the Commission in June and September 2003.

### **4. Decision**

On February 7, 2003, a panel of the Commission was established to consider this matter. On February 11, 2003, the panel held a closed meeting to consider the acceptability of the financial guarantees proposed by Bruce Power Inc. in anticipation of the sale by British Energy plc of all its interests in Bruce Power Inc. and Bruce Power LP to Cameco Corporation, TransCanada Pipelines Limited and BPC Generation Infrastructure Trust.

Based on its consideration of this matter, the panel of the Commission found that the new financial guarantees are in a form acceptable to the Commission for the purposes of condition 11.3 of the Bruce “B” licence. It also found that, upon closing of the sale of all of British Energy plc interests in Bruce Power LP and Bruce Power Inc. to Cameco Corporation, TransCanada Pipelines Limited and BPC Generation Infrastructure Trust, and the coming into effect of the new letters of guarantee, the current guarantees as referenced in condition 11.3 of the Bruce “B” licence as “(T)he Letters of Financial Guarantee from British Energy plc and Cameco Corporation submitted under cover of the April 10, 2001 letter from Bruce Power” are no longer required.

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*Chair*

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*Secretary*