

Minutes of the Canadian Nuclear Safety Commission (CNSC) Meeting held Thursday, November 14, 2002, beginning at 4:32 p.m. in the Public Hearing Room, CNSC Offices, 280 Slater Street, Ottawa, Ontario.

Present:

L.J. Keen, Chair

C.R. Barnes

Y.M. Giroux

M.J. McDill

M.A. Leblanc, Secretary

I. V. Gendron, Senior Counsel

C.N. Taylor, Recording Secretary

CNSC staff advisers were J. Blyth and J. Douglas.

Adoption of the Agenda

1. The agenda, CMD 02-M68.A, was adopted as presented.

DECISION

Chair and Secretary

2. The President took the Chair and the Secretary of the Commission acted as Secretary of the meeting with C.N. Taylor acting as recording secretary.

Constitution

3. With the notice of meeting having been properly given and a quorum of Members being present, the meeting was declared to be properly constituted.
4. Since the meeting of the CNSC held September 12, 2002, Commission Member Documents CMD 02-M67 to CMD 02-M73 had been distributed to Members. These documents are further detailed in Annex A of these minutes.

Minutes of the CNSC Meeting Held September 12, 2002

5. The Members approved the minutes of the September 12, 2002 meeting of the Commission (reference CMD 02-M68.A) with one minor change. It was noted that a typographic error had been corrected in the English version of the minutes but that same correction had not been made in the French version. The

correction will be made and a revised version will be made available.

DECISION

Significant Development Report

6. As noted in CMD 02-M70, there were no significant developments to report for the regular period of September 16 to October 30, 2002
7. Significant Development Report (SDR) no. 2002-7 (CMD 02-M70.A and CMD 02-M70.B) was submitted by staff on November 12, 2002.
8. With reference to CMD 02-M70.B, CNSC staff reported that Bruce Power Inc. has made significant progress in an effort to restore its compliance with the conditions of the Operating Licence for the Bruce 'A' and 'B' Nuclear Generating Stations that require Bruce Power Inc. to maintain financial guarantees.
9. Staff reported that it is receiving weekly updates from Bruce Power Inc. on this matter. Staff noted that the weekly reports include detailed written information to CNSC staff.
10. CNSC staff stated that while Bruce Power Inc. remains in violation of the licence conditions relating to the financial guarantees, this is not having an adverse effect on the safe operation of the Bruce Nuclear Generating Station. Staff confirmed that, during its normal compliance inspections, it has not observed any evidence of work important to safety being dropped from the planned activity schedules.
11. The Members sought clarification from staff on what would constitute compliance with the licence conditions. Staff stated that, to be in compliance, Bruce Power Inc. must provide evidence that it has ready access to the funds necessary to shutdown and maintain the facility in a safe state in the event this becomes necessary. The guarantee must be such that ready access to the funds could be verified by an independent audit.
12. In response to a question from the Members regarding Cameco Corporation's portion of the financial guarantee, staff confirmed that Cameco Corporation's portion of the guarantee remains in good standing; only the portion to be secured by principal shareholder, British Energy PLC, remains at issue.

13. Mr. Duncan Hawthorne, the Chief Executive Officer of Bruce Power Inc., confirmed that it has not allowed the issue of the financial guarantee to interfere with the safe and reliable operation of the facility. Mr. Hawthorne stated that there has been no attempt to make any cash conservation decisions that would affected the normal business plan.
14. Mr. Hawthorne stated that since the last Commission meeting on September 12, 2002, Bruce Power Inc. has been examining alternative means of securing a Canadian-based solution to the financial guarantee problem.
15. Mr. Hawthorne noted that the Government of the U.K. continues to provide support for all of British Energy PLC's current financial obligations as they fall due. However, because the required guarantee addresses a low probability contingent liability event, the U.K. Government has not made specific provisions, such as the posting of specific funds.
16. Mr. Hawthorne noted that the Canadian-based alternatives being examined include:
 - insurance;
 - the establishment of a credit rating for Bruce Power Inc., both with banking institutions and three rating agencies; and
 - partnership restructuring.
17. With respect to insurance, Mr. Hawthorne reported that a team of international insurers has visited and provided a positive review of the site and that specific insurance proposals are expected in mid-December.
18. Concerning a credit rating for Bruce Power Inc., Mr. Hawthorne noted that the banks currently remain reluctant to enter into an agreement due to concerns over their potential exposure to liability as a result of subsection 46(3) of the *Nuclear Safety and Control Act*. Bill C-4, to amend this clause and remove that liability concern, is presently with a parliamentary committee. With respect to the other rating agencies, Mr. Hawthorne reported that, although he has received an encouraging response from them, decisions are not expected for approximately three weeks.
19. With respect to the option of partnership restructuring, Mr. Hawthorne stated that this is the option for which the most progress has been made. Due to the commercial sensitivity of the options being considered, Mr. Hawthorne offered to provide the

Commission with further information in closed session (not in public).

20. Before agreeing to continue the meeting on this matter in a closed session, the Members questioned Mr. Hawthorne as to whether the information he wished to provide the Members could be considered to be confidential third party financial or commercial information, or information the disclosure of which could be expected to be prejudicial to the competitive position of a third party, or information the disclosure of which could be expected to interfere with contractual or other negotiations of the third party. Mr. Hawthorne expressed his opinion that the information was of this nature. The Commission therefore agreed to move in-camera to receive the information.
21. The Commission retired to a closed, in-camera session at 4:50 p.m.
22. The public meeting of the Commission resumed at 5:16 p.m.
23. The Members confirmed that information provided in the in-camera session was indeed of a confidential nature and could not be discussed in public. The Members noted that it strives to be as open and transparent as possible and therefore conducts its meetings in closed session only when absolutely necessary.

Closing of Public Meeting

24. Due to the lateness of the hour, the Members decided to postpone the remaining items on the agenda to the next scheduled meeting of the Commission on December 12, 2002.
25. The public meeting concluded at 5:18 p.m.

Chair

Recording Secretary

Secretary

ANNEX A

CMD	DATE	File No
02-M66	2002-08-27	(1-3-1-7)
Ontario Power Generation: Pickering NGS-A Return to Service - Oral presentation by Ontario Power Generation		
02-M66.1	2002-09-05	(1-3-1-7)
Ontario Power Generation: Pickering NGS-A Return to Service - Information from Canadian Nuclear Safety Commission Staff		
02-M67	2002-10-07	(1-3-1-5)
Notice of Meeting		
02-M68	2002-10-31	(1-3-1-5)
Agenda of the meeting of the Canadian Nuclear Safety Commission (CNSC) to be held in the Public Hearing Room, 14th floor, 280 Slater Street, Ottawa, Ontario, on Thursday, November 14, 2002. The meeting will begin after the closing of the Public Hearings which are scheduled for that day.		
02-M68.A	2002-11-13	(1-3-1-5)
Adoption of agenda of the meeting of the Canadian Nuclear Safety Commission (CNSC) to be held in the Public Hearing Room, 14th floor, 280 Slater Street, Ottawa, Ontario, on Thursday, November 14, 2002. The meeting will begin after the closing of the Public Hearings which are scheduled for that day.		
02-M69	2002-10-29	(1-3-1-5)
Minutes of the Meeting of the Canadian Nuclear Safety Commission held September 12, 2002		
02-M69.A	2002-11-12	(1-3-1-5)
Approval of minutes of the Meeting of the Canadian Nuclear Safety Commission held September 12, 2002		
02-M70	2002-10-30	(1-3-1-5)
Significant Development Report No. 2002-7		
02-M70.A	2002-11-12	(1-3-1-5)
Supplementary Information - Significant Development Report No. 2002-7		
02-M70.B	2002-11-13	(1-3-1-5)
Supplementary Information - Significant Development Report No. 2002-7		
02-M71	2002-10-30	(1-3-1-5)
Status report on Power Reactors		

02-M72 2002-10-29 (26-1-62-0-0)

Approval to Restart Commissioning of the Maple 1 and 2 Reactors - Status report on the prerequisites and acceptance criteria and progress towards meeting those requirements

02-M73 2002-10-29 (24-1-3-0)

Approval to Commence Active Commissioning of the New Processing Facility (NPF) - Status report on the prerequisites and acceptance criteria and progress towards meeting those requirements