

Restructuring of Atomic of Energy of Canada Limited — Nuclear Laboratories

Backgrounder

2007

Prior to restructuring, Atomic Energy of Canada Limited (AECL) consisted of two divisions: the Nuclear Laboratories and the CANDU Reactor Division. The primary responsibility of the CANDU Reactor Division was the design, sale and service of AECL's CANDU reactor technology.

The Nuclear Laboratories, comprised mainly of Chalk River Laboratories in Chalk River, Ontario, and Whiteshell Laboratories in Pinawa, Manitoba, were responsible for nuclear science and technology priorities for safety, security, health, the environment, waste management and clean energy technologies, as well as the production of medical isotopes.

In November, 2007, the Minister of Natural Resources announced a review of AECL to determine whether its structure as a Crown corporation best equipped it, its employees and ultimately the Canadian nuclear industry to participate fully in the global nuclear market.

2009

The review was completed in 2009. It concluded that AECL should be restructured and that:

1. The business model for AECL must be changed to allow Canada to fully participate and compete in the global nuclear market; and
2. Chalk River Laboratories would benefit from strong partnership to drive innovation and renewal, and due consideration should be given to alternative management models, such as a government-owned, contractor-operated approach in which ownership of the existing facilities would rest with the Government, with the operation of those facilities contracted to one or more third parties.

Based on these conclusions, the Government announced in May, 2009, its intentions to restructure AECL to better equip the company to compete and, in doing so, put in place the conditions for the nuclear industry to succeed. A two-stage process was launched to pursue that objective, while looking to minimize taxpayers' financial exposure.

As the first step, the Minister of Natural Resources invited investors to submit proposals for AECL's CANDU Reactor Division. Proposals were assessed based on how well they meet the Government's nuclear policy objectives to:

- ensure safe, reliable and economic options to address Canada's energy and environmental needs;
- control costs to the Government while maximizing the return on the Government's investment in nuclear energy; and
- position Canada's nuclear industry and its workforce to seize domestic and global opportunities.

2011

In October 2011, the Government sold the assets of AECL's former CANDU Reactor Division to Candu Energy Inc., a wholly owned subsidiary of SNC-Lavalin Group Inc. The transaction met the stated objectives.

2012

In February, 2012, the Government publicly launched the second phase of the restructuring of AECL, focused on the Nuclear Laboratories. A Request for Expression of Interest on the future of the Laboratories was issued to determine stakeholder willingness to share in financial risks, managing, partnering and contracting. The Government received 46 responses from various stakeholders, including private sector organizations, academics, local governments and industry associations.

Based on stakeholder input, financial modeling, governance and other analyses, the Government is restructuring the Nuclear Laboratories to:

- focus the mandate of the Laboratories on decommissioning and waste management; science and technology (S&T) to meet core federal responsibilities; and enabling the CANDU fleet and technology;
- transition to full cost recovery for S&T services to third parties; and
- strengthen accountability and bring private sector rigour and efficiencies to the management of all facilities and services.

The Government will also assess the value of investing federal tax dollars in longer-term nuclear innovation. As part of that assessment, industry will be invited to put forward proposals for a forward-looking, industry-driven nuclear innovation agenda for consideration.

Throughout the restructuring of the Laboratories, the Government will continue its role in maintaining safety, security and environmental stewardship in all aspects of the nuclear industry. The Canadian Nuclear Safety Commission (CNSC), Canada's independent nuclear regulator, will continue to regulate all parts of the entire nuclear industry in Canada.

2013

In the coming months, the Government of Canada will engage in a competitive, collaborative procurement process, including a Request for Proposals, for the management and operation of AECL's Nuclear Laboratories. The Government is seeking to implement a Government-owned, Contractor-operated (GoCo) model, as is done in other jurisdictions, such as the United States and the United Kingdom.

Under the new management model, the Laboratories will focus on three key objectives:

1. Managing its radioactive waste and decommissioning responsibilities accumulated during the more than 60 years of nuclear research and development at Chalk River and at Whiteshell Laboratories.
2. Ensuring that Canada's world-class nuclear science and technology capabilities and knowledge continue to support the federal government in its nuclear roles and responsibilities — from health protection and public safety to security and environmental protection.
3. Providing access to industry to address its need for in-depth nuclear science and technology expertise. This will include ongoing access to the Laboratories, at fair market rates that ensure cost recovery, for owners and operators of CANDU reactors as well as the CANDU and broader nuclear supply chain in Canada.

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