



Canadian Nuclear
Safety Commission

Commission canadienne
de sûreté nucléaire

Record of Proceedings, Including Reasons for Decision

In the Matter of

Applicant Canadian Nuclear Laboratories

Subject Request for the Commission to Prescribe the
Amount of Basic Insurance Pursuant to the
Nuclear Liability Act

Hearing Date April 27, 2015

RECORD OF PROCEEDINGS

Applicant: Canadian Nuclear Laboratories

Address/Location: Chalk River Laboratories
286 Plant Road
Chalk River, Ontario
K0J 1J0

Purpose: Request for the Commission to Prescribe the Amount of
Basic Insurance Pursuant to the *Nuclear Liability Act*

Application received: March 13, 2015

Date of hearing: April 27, 2015

Location: Canadian Nuclear Safety Commission (CNSC)
280 Slater St., Ottawa, Ontario

Members present: M. Binder, Chair

Amount: Prescribed

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1.0 INTRODUCTION

1. Canadian Nuclear Laboratories (CNL) has submitted a request to the Canadian Nuclear Safety Commission¹ (CNSC), regarding the prescribed amount of basic insurance pursuant to the *Nuclear Liability Act*² (NLA) for four installations: the Chalk River Laboratories, the Whiteshell Laboratories, the Douglas Point Waste Management Facility, and the Gentilly-1 Waste Management Facility.
2. The Government of Canada is restructuring Atomic Energy of Canada Limited into a Government-owned, Contractor-operated (GoCo) model. CNL was established in 2014 and is a wholly-owned subsidiary of AECL. The restructuring process is expected to conclude later in 2015 upon transfer of all CNL shares to the successful bidder. Following this transfer, the exemption of CNL as a Crown-owned operator to maintain insurance coverage against liability for damage under the NLA will no longer be valid.
3. As per paragraph 15(1)(a) of the NLA, the Commission is authorized to prescribe the amount of basic insurance.

Issue

4. In considering the request, the Commission was requested to:
 - a) Prescribe the amount of basic insurance for the CNL Nuclear Installations for Treasury Board approval; and
 - b) Supplement the “Official Consolidation of Nuclear Installations Designated Pursuant to section 2 of the *Nuclear Liability Act*” of CMD 05-H35.

Panel

5. Pursuant to section 22 of the NSCA, the President of the Commission established a Panel of the Commission to review the request. The Commission, in making its decision, considered information provided for a hearing based on written materials on April 27, 2015. The Commission considered written submissions from CNL (CMD 15-H109.1) and CNSC staff (CMD 15-H109).

2.0 DECISION

6. Based on its consideration of the matter, as described in more detail in the following sections of this *Record of Proceedings*, the Commission determines that the proposed

¹ The *Canadian Nuclear Safety Commission* is referred to as the “CNSC” when referring to the organization and its staff in general, and as the “Commission” when referring to the tribunal component.

² Revised Statutes of Canada (R.S.C.), 1985, c. N-28

amount of basic insurance for the four Canadian Nuclear Laboratories (the Chalk River Laboratories, the Whiteshell Laboratories, the Douglas Point Waste Management Facility, and the Gentilly-1 Waste Management Facility) is adequate. Therefore,

the Commission prescribes the basic insurance amounts for Canadian Nuclear Laboratories for the above-cited CNL Nuclear Installations as listed in CMD 15-H109.

7. With this decision, the Commission supplements CMD 05-H35 with Attachment 1 of CMD 15-H109.

3.0 ISSUES AND COMMISSION FINDINGS

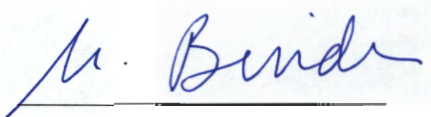
8. CNSC staff provided a brief review of the NLA, noting that it ensures that funds are available from all operators of nuclear installations to provide financial compensation to third parties for injuries or damages suffered as a result of a nuclear incident. CNSC staff further noted that the NLA limits the operators' financial liability for damages arising from a particular incident up to \$75 million. Operators of all designated nuclear installations are required to maintain insurance coverage up to this maximum limit with federally-approved private insurers through a combination of basic insurance and supplementary insurance.
9. CNSC staff submitted that, in accordance with the NLA, the amounts of basic insurance prescribed by the Commission will require approval of the Treasury Board. In the case of CNL, Treasury Board approval will be requested by Natural Resources Canada (NRCan) as part of a larger submission which will include all of the approvals necessary for implementation of the CNL/GoCo transition plan.
10. CNSC staff further noted that the requirement for basic insurance for CNL under the NLA will remain in force until the *Nuclear Liability and Compensation Act* (NLCA) replaces the NLA. The NLCA received Royal Assent on February 26, 2015 but will not come into force prior to CNL share transfer. Under the NLCA, the Governor in Council, and not the CNSC, will have the authority to designate nuclear facilities and prescribe the basic insurance amounts which pertain to them.
11. CNSC staff reported that, to determine the basic insurance amounts, CNSC staff completed an assessment which took into account the types of material which may be present at each nuclear installation, the on-site and off-site population density, the type of containment at the facility and, for reactors, the rated power. CNSC staff also compared the relative risks of CNL's nuclear installations with other designated nuclear installations to ensure consistency of the assessed insurance values. CNSC staff's proposed amounts are specified in Attachment 1 of CMD 15-H109 as the basic insurance under Coverage 'A', and are as follows:
 - Chalk River Laboratories: \$75 M;

- Whiteshell Laboratories: \$6 M;
- Douglas Point: \$6 M;
- Gentilly-1: \$6 M;

12. The amounts under Coverage 'B' are not determined by the Commission, but are specified by a reinsurance agreement between the federal government and a private insurer and addresses certain risks not covered by the private market, such as psychological trauma resulting from a nuclear accident. The reinsurance agreement sets out that the private insurer must provide basic insurance under Coverage 'B' in the nominal amount of \$100.

4.0 CONCLUSION

13. The Commission has considered the information and submissions from CNL and CNSC staff and is satisfied that the amounts of basic insurance for the four CNL Nuclear Installations are adequate.
14. As per paragraph 15(1)(a) of the NLA, the Commission therefore prescribes the amount of basic insurance as described in CMD 15-H115.
15. The Commission also supplements CMD 05-H35 with Attachment 1 of CMD 15-H109. The Commission notes that an updated list of nuclear installations and related amounts of basic insurance will be prepared and provided to the Commission for approval.



Michael Binder
President,
Canadian Nuclear Safety Commission

APR 27 2015

Date

