



Record of Decision

DEC 22-H106

In the Matter of

Applicant Nordion (Canada) Inc.

Subject Application for Acceptance of Nordion's
Revised Financial Guarantee

Date of
Decision February 16, 2023

RECORD OF DECISION – DEC 22-H106

Applicant: Nordion (Canada) Inc.

Address/Location: 447 March Road
Ottawa, ON, Canada

Purpose: Application for acceptance of Nordion’s revised financial guarantee

Application received: February 23, 2022

Hearing: Public Hearing in Writing – Notice of Hearing in Writing published on July 21, 2022

Date of decision: February 16, 2023

Panel of Commission: Ms. I. Maharaj, Presiding Member

Financial Guarantee: Accepted

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1.0 INTRODUCTION

1. On February 23, 2022, Nordion (Canada) Inc. (Nordion) submitted an application to the Canadian Nuclear Safety Commission¹ (CNSC) for the acceptance of its proposed revised financial guarantee for the future decommissioning of Nordion's [Class IB nuclear substance processing facility](#)² (Class IB facility). On [August 19, 2015](#), the Commission renewed Nordion's licence to operate its Class IB facility, NSPFOL-11A.01/2025, and had found that Nordion's existing preliminary decommissioning plan (PDP) and associated financial guarantee were acceptable.
2. Nordion's Class IB facility is located in Ottawa, Ontario, on the traditional unceded territory of the Algonquin Anishnaabeg peoples, and is co-located with the [Nuclear Medicine Production Facility](#) (NMPF). The NMPF had been included under Nordion's existing licence, but is now operated by BWXT Medical Ltd. (BWXT Medical) under a separate licence granted by the Commission on [October 8, 2021](#). Under this licence, BWXT Medical is required to maintain its own acceptable financial guarantee for the future decommissioning of the NMPF. Nordion's existing PDP and associated financial guarantee include the NMPF, and Nordion has submitted a revised PDP and proposed financial guarantee reflecting the removal of costs associated with the decommissioning of the NMPF.
3. Subsection 24(5) of the [Nuclear Safety and Control Act](#)³ (NSCA) provides that a licence may contain any term or condition that the Commission considers necessary for the purposes of the NSCA, including a condition that an applicant provide a financial guarantee in a form that is acceptable to the Commission. In Nordion's existing licence, the Commission has imposed licence condition 1.3 that requires Nordion to maintain an acceptable financial guarantee for the future decommissioning of its Class IB facility. CNSC [Regulatory Guide G-206, Financial Guarantees for the Decommissioning of Licensed Activities](#)^{4,5} provides guidance on the attributes of an acceptable financial guarantee in terms of liquidity, certainty of value, adequacy of value, and continuity.

Issue

4. Nordion is required to maintain a financial guarantee for the future decommissioning of its Class IB facility, per licence condition 1.3 of its existing licence. Nordion is also required to review and revise its financial guarantee at least every 5 years, when requested by the Commission, or following a revision to its PDP. Following the Commission granting a separate licence to BWXT Medical for the operation of the NMPF, Nordion revised its PDP and associated financial guarantee. This revision resulted in the reduction of the proposed financial guarantee to reflect the removal of

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 Nordion's Class IB facility is also known as the Cobalt Operations Facility (COF)

³ Statutes of Canada (S.C.) 1997, c. 9.

⁴ Regulatory Guide G-206, *Financial Guarantees for the Decommissioning of Licensed Activities*, CNSC, June 2000

⁵ While regulatory Guide G-206 has been superseded by [REGDOC 3.3.1](#) since January 2021, at the time of this decision Regulatory Guide G-206 remains part of Nordion's licensing basis.

facilities now included under BWXT Medical's licence. Nordion is requesting that the Commission accept its proposed revised financial guarantee.

Panel

5. Pursuant to section 22 of the NSCA, the President established a panel of the Commission consisting of Ms. Indra Maharaj to consider the application. A notice of hearing in writing was published on [July 21, 2022](#) and a revised notice of hearing in writing was published on [September 9, 2022](#), to reflect a change in the availability date of licensee and CNSC staff submissions. The Commission, in conducting a public hearing based on written materials, considered written submissions from CNSC staff ([CMD 22-H106](#) and [CMD 22-H106.A](#)) and Nordion ([CMD 22-H106.1](#)). No interventions were received in relation to this matter.

2.0 DECISION

6. Based on its consideration of this matter, as described in more detail in the following sections of this *Record of Decision*, the Commission concludes that the proposed revised financial guarantee for the future decommissioning of Nordion's Class IB facility is acceptable.

Therefore,

the Commission, pursuant to licence condition 1.3 of licence NSPFOL-11A.01/2025 imposed on Nordion (Canada) Inc. under section 24(5) of the *Nuclear Safety and Control Act*, accepts the revised financial guarantee proposed by Nordion (Canada) Inc. for its Class IB nuclear substance processing facility located in Ottawa, Ontario.

7. With this decision, the Commission accepts Nordion's revised financial guarantee amount of \$35,003,046 as submitted. The Commission also accepts Nordion's proposed financial guarantee instruments in the form of a letter of credit for the amount of \$6,342,685 and a surety bond for the amount of \$28,660,361.

3.0 ISSUES AND COMMISSION FINDINGS

8. The Commission assessed the evidence submitted on the record for this hearing and considered the acceptability of Nordion's proposed revised financial guarantee. The Commission considered whether the proposed financial guarantee met the criteria set out in Regulatory Guide G-206 and whether Nordion would satisfy the applicable licence conditions for its Class IB facility. Licence condition 1.3 of Nordion's licence, NSPFOL-11A.01/2025, states that:

“The licensee shall maintain a financial guarantee for decommissioning that is acceptable to the Commission.”

3.1 Decommissioning Plans and Cost Estimates

9. Nordion submitted information on its revised PDP and cost estimate.⁶ Nordion reported that it had previously submitted an updated PDP to the CNSC in 2020 in accordance with the required 5-year review. Nordion noted that it further revised this updated PDP and provided the revised PDP to the CNSC on January 14, 2022, to reflect the changes that resulted from BWXT Medical’s recently granted licence to operate the NMPF. Nordion indicated that its revised PDP followed the same methodology as its existing 2015 PDP. Nordion informed the Commission that the total cost estimate decreased from \$45.1 million in 2015 to \$35.0 million in this 2022 revision.
10. CNSC staff submitted information on its assessment of Nordion’s revised PDP and associated cost estimates for the future decommissioning of Nordion’s Class IB facility.⁷ CNSC staff reported that, as per licence condition 12.2 of Nordion’s licence, Nordion is required to implement and maintain a decommissioning strategy. Nordion’s revised PDP follows a prompt decommissioning strategy and anticipates completion of decommissioning in approximately 12 months. CNSC staff confirmed that Nordion’s revised PDP uses the same general methodology as the existing PDP accepted in 2015. CNSC staff found that Nordion’s revised PDP and associated cost estimates are consistent with the requirements of [Regulatory Guide G-219, Decommissioning Planning for Licensed Activities](#)⁸ and CSA standard⁹ N294-09, *Decommissioning of Facilities Containing Nuclear Substances*.¹⁰
11. CNSC staff’s submission included a breakdown of the decommissioning activities and associated estimated costs.¹¹ CNSC staff reported that Nordion’s revised cost estimate is \$10,121,702 less than the existing cost estimate, which reflects the removal of costs associated with the decommissioning of BWXT Medical’s NMPF. The cost estimate assumes decommissioning will occur immediately following the cessation of operational activities and assumes the work scope will be completed by local third-party contractors. CNSC staff informed the Commission that the cost estimate includes a contingency of 10% to 25%, depending on the uncertainty associated with each activity.
12. By way of [CMD 22-H106-Q](#), the Commission asked CNSC staff for more information on how the value attributed to the decommissioning of BWXT Medical’s NMPF was determined and verified. CNSC staff provided information related to the Commission’s questions in [CMD 22-H106.A](#). CNSC staff submitted that the reduction in Nordion’s revised cost estimate closely aligned with BWXT Medical’s estimated cost of

⁶ [CMD 22-H106.1](#)

⁷ Section 2.2, [CMD 22-H106](#)

⁸ Regulatory Guide G-219, *Decommissioning Planning for Licensed Activities*, CNSC, June 2000

⁹ CSA standards are available to view on the [CSA Group website](#) at no cost.

¹⁰ CSA N294-09, *Decommissioning of Facilities Containing Nuclear Substances*, CSA Group, reaffirmed 2019

¹¹ Table 1, [CMD 22-H106](#)

\$10.54 million for the future decommissioning of the NMPF. CNSC staff explained that, prior to the issuance of BWXT Medical's licence to operate the NMPF, Nordion had separated the cost estimates of its major activities. This had allowed Nordion to accurately determine the reduction in its total cost estimate resulting from the removal of the NMPF.

13. CNSC staff informed the Commission that Nordion's method to calculate its revised cost estimate, including the reduction attributed to the removal of BWXT Medical's NMPF, was appropriate. CNSC staff reported that it assessed Nordion's revised cost estimate to ensure that it was reasonable, accurate, and included all anticipated costs for decommissioning. CNSC staff noted that it had performed a similar, but separate, assessment of BWXT Medical's cost estimate as part of assessing BWXT Medical's 2021 licence application to operate the NMPF.¹²

3.2 Financial Guarantee

14. Nordion submitted¹³ that its proposed revised financial guarantee amount would fully fund the revised PDP and associated cost estimate discussed in section 3.1 of this *Record of Decision*. Nordion informed the Commission that, if approved, it intends to put in place a letter of credit for \$6,342,685 and a surety bond for the remaining \$28,660,361. Nordion explained that the amount of the letter of credit would cover the estimated costs required to put the Class IB facility in a safe state of shutdown.¹⁴
15. CNSC staff provided the Commission with information on its assessment of Nordion's proposed revised financial guarantee.¹⁵ CNSC staff reported that, while Nordion had not yet formally implemented [REGDOC 3.3.1, *Financial Guarantees for the Decommissioning of Nuclear Facilities and Termination of Licensed Activities*](#),¹⁶ CNSC staff also assessed Nordion's proposed revised financial guarantee against the criteria set out in REGDOC 3.3.1. CNSC staff informed the Commission that the proposed financial instruments, namely a letter of credit and surety bond, are the same arrangement as those currently in place. CNSC staff found the amount of Nordion's proposed revised letter of credit (\$6,342,685) to be adequate to put the Class IB facility in a safe state of shutdown and the amount of the proposed revised surety bond adequate for the remainder of the PDP cost estimate (\$28,660,361). CNSC staff also found that these two instruments satisfy the criteria of liquidity, certainty of value, adequacy of value, and continuity as per Regulatory Guide G-206 and REGDOC 3.1.1.

¹² BWXT Medical's financial guarantee remains the same as was accepted in 2021, with its next review expected to occur no later than 2026.

¹³ [CMD 22-H106.1](#)

¹⁴ In a *safe state of shutdown*, a facility is not operational and the fundamental safety functions can be ensured and maintained stable long-term.

¹⁵ Section 2.3, [CMD 22-H106](#)


¹⁶ REGDOC 3.3.1, *Financial Guarantees for the Decommissioning of Nuclear Facilities and Termination of Licensed Activities*, CNSC, January 2021

3.3 Commission Findings

16. Following the Commission's analysis of the evidence submitted on the record for this hearing, the Commission concludes that Nordion's proposed financial guarantee instruments and revised financial guarantee amount are acceptable. The Commission notes that Nordion's proposed financial guarantee instruments are, apart from the amounts, unchanged from its existing financial guarantee. The Commission is satisfied that Nordion's revised PDP provides the basis for a credible cost estimate. The Commission is also satisfied that Nordion continues to meet its licensing requirements related to maintaining a financial guarantee. The Commission comes to these conclusions on the basis that:
- The Commission agrees with CNSC staff's assessment that Nordion's revised PDP provides a credible cost estimate for the future decommissioning of Nordion's Class IB facility and meets the requirements of Regulatory Guide G-219 and CSA N294-09.
 - The Commission is satisfied that the decrease in the cost estimate for Nordion's proposed financial guarantee is consistent with the costs associated with decommissioning the NMPF, which as of October 2021, have been appropriately considered as part of BWXT Medical's separate licence and financial guarantee.
 - The Commission agrees with CNSC staff's assessment that Nordion's proposed revised financial guarantee is adequate for the future decommissioning of Nordion's Class IB facility and is consistent with Regulatory Guide G-206.
 - The Commission is satisfied that the proposed financial instruments, in the form of a letter of credit and surety bond, satisfy the criteria of liquidity, certainty of value, adequacy of value, and continuity set out in Regulatory Guide G-206.
17. The Commission expects to be informed should there be an impact on decommissioning cost estimates due to a future revision to the PDP. The Commission further expects that the final executed financial instruments will be provided to the CNSC within 90 days following this decision.

4.0 CONCLUSION

18. The Commission concludes that Nordion's proposed revised financial guarantee will continue to provide for the future decommissioning of Nordion's Class IB facility. Therefore, the Commission accepts Nordion's proposed revised financial guarantee.



Ms. Indra Maharaj
Presiding Member,
Canadian Nuclear Safety Commission

February 16, 2023

Date