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## **\$200 Million for AECL**

### **Ottawa gives Crown corporation another cash infusion so it can continue Lepreau, Ontario nuclear projects**

**Rob Linke**

The federal government has given another \$200 million to Atomic Energy of Canada Ltd. to complete the overdue, over-budget refurbishment at Point Lepreau and another running into trouble at the Bruce nuclear plant in Ontario. The figure was in supplementary estimates tabled in the Commons this week. There is no breakdown from the government reflecting Lepreau's allocation separately.

The \$200 million "will be used to address a cash shortfall caused by unexpected challenges on Candu reactor refurbishment contracts," says the federal Treasury Board document. "These projects are first-of-a-kind, making them inherently complex."

The government had already approved \$100 million of this amount in March. That cash infusion was needed on an urgent basis because "unanticipated and unexpected challenges" meant the existing funding for AECL was going to be exhausted.

Last spring's approval for \$100 million was necessary "to ensure all legal and contractual obligations are met," said the Treasury Board estimates. The \$200-million figure is likely to climb.

AECL president and CEO Hugh MacDiarmid told the Telegraph-Journal in late September that the federal Crown corporation would incur costs "hundreds of millions" of dollars higher than its fixed-price contract with NB Power for the refurbishment.

His admission came as he and provincial Energy Minister Jack Keir revealed the project's new completion date. The refurbishment is now expected to be 16 months late, finishing up in February 2011 rather than this fall.

As Ottawa puts its costs on the books, it may play into a standoff between the provincial and federal governments over the cost overruns at Lepreau. Premier Shawn Graham and Keir have demanded Ottawa compensate the province for an unspecified amount of its extra costs.

They've raised the issue with Prime Minister Stephen Harper and Natural Resources Minister Lisa Raitt, who is responsible for AECL. Graham and Keir argue that AECL created a schedule that was overly optimistic, that there was inadequate planning and preparation up front and, as trouble emerged, revised timelines that were unrealistic -- and that MacDiarmid has admitted as much to them.

Under the 2005 contract between AECL and NB Power -- which was never made public -- the province is on the hook for the cost of replacement power for as long as Lepreau is offline. That would have

amounted to \$400 million had the project been completed in 18 months as expected. The cost could double under the new schedule. It is now rising by roughly \$22 million a month.

Raitt has rebuffed the province's demand. She has said repeatedly that the federal government simply expects AECL to live up to the terms of its contract with NB Power. She has also pointed out that both sides knew when the contract was signed that they were exposing themselves to financial risks in a first-of-a-kind project.

Graham has called Ottawa's response "unacceptable." In Ontario, on the shores of Lake Huron, privately owned Bruce Power operates two reactors undergoing refurbishments with AECL.

The reactors were supposed to be back online by late 2009 or early 2010. But TransCanada Corp., a investor in the project, disclosed Wednesday that one reactor will not be online until mid-2011. The other will take another four months. As to cost overruns at Bruce, the Toronto Star said this week the original cost was \$2.75 billion but is now expected to be at least \$3.4 billion, with a warning from TransCanada that it could go another 10 per cent higher. That would put the total overrun at \$1 billion.

The anti-nuclear group Greenpeace's energy and climate campaigner, Shawn-Patrick Stensil, has been following how governments book nuclear costs since 2002. He said Thursday that it's unlikely Ottawa will ever reveal precisely how much Lepreau will cost federal taxpayers.

Federal budgets and Treasury Board documents have not provided breakdowns of AECL's funding by refurbishment project. "The strategy has always been to muddy the waters on nuclear's real costs," he said.

Point Lepreau is the world's first total mid-life refurbishment of a Candu 6 reactor. AECL is the main contractor.