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## Nuclear support triples under Conservative government

*Bruce Cheadle*

OTTAWA - Federal funding for Atomic Energy of Canada Ltd. has tripled since the Conservative government of Stephen Harper came to power in 2006.

Figures provided to The Canadian Press by Natural Resources Canada show that taxpayers will pour more than \$1.2 billion into the Crown corporation during the fiscal year just ending and the one set to begin April 1.

The total includes \$658 million in 2008-09 and another \$574 million for 2009-10.

The cash influx comes at a crucial time for AECL, which is in a life-or-death bidding war to build new, next-generation nuclear reactors in Ontario.

The Conservative government is also sitting on a study it commissioned that reportedly recommends selling off a majority stake in AECL's commercial reactor and refurbishment business to the private sector.

Natural Resources Minister Lisa Raitt said in an interview Tuesday that several policy drivers favour increased support for the nuclear industry, including environmental goals, industrial development and value to taxpayers as "shareholders."

Raitt pointed to a 2007 report from the auditor general that cited long-standing strategic challenges for the Crown corporation and noted a decade of government underfunding.

"We heard that, and we are working with AECL and taking into consideration the bigger Canadian nuclear industry and our desire to have emissions-free electricity," said Raitt. "It was the right thing to do."

Critics say the Conservatives are spending good money after bad, considering AECL's uncertain future.

"Life support can be expensive, but if you're about to put the bullet in the head of the organization you have to ask yourself: Why are we doing this?" said Shawn Patrick Stensil, energy campaigner for Greenpeace Canada.

Stensil and others say Ottawa is pumping up the commercial value of AECL in order to sell off the profitable parts.

"I don't know if I take it as a criticism," countered Raitt.

But some industry watchers believe AECL required a cash infusion, whatever its future.

"It's necessary whether they privatize it or if they don't," said Duane Bratt, a politics professor at Calgary's Mount Royal College and author of "The Politics of Candu Exports."

"They are huge (funding) increases - relative to what they had been. But if you still look at the capitalization of AECL and compare it to (foreign competitors) Areva and Westinghouse, AECL is a midget."

Since the Conservatives came to power in January 2006, the annual government stipend for AECL has averaged out to \$433 million a year.

In the seven preceding years under former Liberal governments, taxpayer subsidies to AECL averaged \$158 million a year.

Adjusting for inflation, AECL subsidies are now back up to where they were when they last peaked in the mid 1980s.

"My guess, looking at the funding of AECL over time, this tends to be a priming-the-pump moment," said Bratt.

Some of the funding increase relates to the production of medical isotopes and AECL's aging research reactor at Chalk River, Ont. Some is for decommissioning the failed MAPLE reactors at Chalk River and still more is for environmental cleanup.

Raitt acknowledged that a significant part of the increased funding is targeted to help AECL develop its next-generation reactor, the ACR 1000. Ottawa provided more than \$100 million last year and another \$135 million for 2009-10 as AECL races to complete the design that it hopes to sell to the Ontario government.

"It is the vehicle on which we're bidding in the Ontario procurement competition that's going on right now," said the minister.

If Ontario should choose a rival reactor design, that taxpayer investment "would have been wasted," says Bryne Purchase, a Queen's University professor and former Ontario deputy energy minister.

But Ottawa appears to be betting the ACR 1000 can win the Ontario bid and then be sold to other provincial jurisdictions, including Alberta and Saskatchewan, and possibly abroad. In that case, not only will AECL's market value have been enhanced but the industrial spinoff benefits to Canada will be significant.

"We've a very good history in Canada with respect to nuclear power," said Raitt.

"CANDU's a very popular product, it is around the world. It's utilized here in Canada as well and it's a winner in that sense.

"The same folks at AECL are designing the ACR 1000 and they're very confident, very technically proficient engineers and researchers and they're indicating that it's going to work."

Skeptics such as Stensil point to AECL's recent fiasco over the MAPLE reactors and say increasing subsidies for another untried reactor are "ridiculous and outrageous."

"There's more money down the black hole, when we could actually be building energy sources that could lower greenhouse gas emissions and create jobs in the here and now," said Stensil.

But Raitt says that's exactly what government support for AECL provides -- electricity production without greenhouse gases and a thriving domestic technology industry based primarily in Ontario, Canada's beleaguered manufacturing base.