

Tsui, Kathy [CEAA]

From: Sherhols, Peter [CEAA]
Sent: December 29, 2005 11:11 AM
To: Tsui, Kathy [CEAA]
Subject: FW: Tor Star - CANDU not a 'slam dunk' for Ontario

-----Original Message-----

From: Trudeau, Aline [mailto:trudeaua@aecl.ca]
Sent: Friday, September 16, 2005 11:12 AM
Subject: Tor Star - CANDU not a 'slam dunk' for Ontario

FYI
 Michael Taylor
 VP Corporate Affairs AECL

CANDU not a 'slam dunk' for Ontario

Canadian reactor faces competition

GE, Westinghouse possible: Source

RICHARD BRENNAN AND ROBERT BENZIE
 QUEEN'S PARK BUREAU
 TORONTO STAR

Ottawa should not take it for granted that Ontario will buy a federal Crown corporation's CANDU reactors for any new nuclear plants, senior provincial sources warn.

"It's not a slam dunk - that's for sure," a high-ranking government official told the *Toronto Star* yesterday.

The source said the CANDU was "considered the Cadillac (of nukes) when it was the only car."

But now there is competition from General Electric, Westinghouse in the U.S. and Areva-Framatome from France.

In the wake of Premier Dalton McGuinty's growing enthusiasm for nuclear power, it has been expected that Atomic Energy of Canada Ltd. (AECL), which builds the CANDU, would be a beneficiary.

McGuinty said Wednesday he was "prepared to go ahead with ... new nuclear" if the arm's-length Ontario Power Authority recommends that in its report due in December on the province's long-term energy supply.

The unnamed government official said AECL is going to have to compete for Ontario's business if and when the decision is made to build new reactors.

"Obviously CANDU is a Canadian technology but it has its drawbacks. And again, the kind of deals that were made in the 1960s and 1970s when old Ontario Hydro assumed all the risk are not going to happen that way again, so AECL is going to have to come to the table and compete," he said.

AECL's Dale Coffin said the CANDU reactors should have the inside track because regulators are familiar with them and they can be up and running sooner than their foreign-

29/12/2005

built competitors.

"A foreign technology - from France and that - would probably take much, much longer to get through that (regulatory) hurdle and there will be considerable delays," he said.

While there have been problems with the older CANDU reactors at Pickering, Coffin emphasized that the latest models, which are already successfully operating in South Korea, are among the best in the world.

Noting that AECL employs 3,200 people and there are 30,000 Ontario workers in the nuclear industry, Coffin said it makes economic sense for the province to buy domestic.

The CANDU is a heavy-water natural uranium reactor that is considered superior to the pressure-vessel Westinghouse reactor and is more expensive to build, but is considered cheaper to operate. There has never been a meltdown of a CANDU.

Still, the industry standard is the Westinghouse and CANDU has had a difficult time breaking through in markets like the U.S.

AECL is promoting the next generation of reactor called the ACR but has yet to build one.

CONFIDENTIAL AND PRIVILEGED INFORMATION NOTICE

This e-mail, and any attachments, may contain information that is confidential, subject to copyright, or exempt from disclosure.

Any unauthorized review, disclosure, retransmission, dissemination or other use of or reliance on this information may be unlawful and is strictly prohibited.

AVIS D'INFORMATION CONFIDENTIELLE ET PRIVILÉGIÉE

Le présent courriel, et toute pièce jointe, peut contenir de l'information qui est confidentielle, régie par les droits d'auteur, ou interdite de divulgation. Tout examen, divulgation, retransmission, diffusion ou autres utilisations non autorisées de l'information ou dépendance non autorisée envers celle-ci peut être illégale et est strictement interdite.