



Canadian Nuclear
Safety Commission

Commission canadienne
de sûreté nucléaire

Record of Decision

In the Matter of

Applicant **New Brunswick Power Corporation**

Subject **Request to Modify the Fund Agreements Listed
in the Financial Guarantees for the Point
Lepreau Nuclear Generating Station**

**Date of
Decision** **April 11, 2016**

e-Docs 4919044 (word)
e-Docs 4977314 (pdf)

RECORD OF DECISION

Applicant: New Brunswick Power Corporation

Address/Location: 515 King Street, Fredericton, NB E3B 5G4

Purpose: Request to Modify the Fund Agreements Listed in the Financial Guarantees for the Point Lepreau Nuclear Generating Station

Application received: December 30, 2015

Date of decision: April 11, 2016

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

Members present: M. Binder, Chair

Request: Accepted

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1.0 INTRODUCTION

1. New Brunswick Power Corporation (NB Power) has submitted a request to the Canadian Nuclear Safety Commission¹ (CNSC), pursuant to subsection 24(5) of the *Nuclear Safety and Control Act*² (NSCA), for a modification to the asset mix related to the Point Lepreau Nuclear Generating Station (PLNGS) Financial Guarantees. The PLNGS is located on the Lepreau Peninsula in New Brunswick. The current licence, PROL 17.04/2017, expires on June 30, 2017.
2. The Commission requires that NB Power establish and maintain acceptable financial guarantees for the waste management and ultimate decommissioning of its facility. According to NB Power's licence, financial guarantees must be in place and sufficient to cover the planned decommissioning activities, including in the event of a premature shutdown of the facility. CNSC regulatory guide G-206, *Financial Guarantees for the Decommissioning of Licensed Activities*, provides guidance on the attributes of an acceptable financial guarantee in terms of liquidity, certainty and adequacy of value, and continuity. In June 2015, NB Power was required to review its preliminary decommissioning plan (PDP), its decommissioning cost estimates and its financial guarantee. CNSC staff had found that the revised PDP met the guidance requirements set forth in CNSC regulatory guide G-219, *Decommissioning Planning for Licensed Activities* and the requirements of CSA N294-09, *Decommissioning of facilities containing nuclear substances*. CNSC staff had also found that the revised cost estimate proposed by NB Power met the guidance criteria found in CNSC regulatory guide G-206 and this cost estimate remains current at this time.
3. In December 2015, NB Power submitted a request to modify the investment asset mix related to the Point Lepreau Financial Guarantees, consisting of the Point Lepreau Used Fuel Management Fund Agreement and the Point Lepreau Decommissioning Fund Agreement. NB Power wishes to revise the current investment strategy to reflect changes in the markets and future asset return expectations, and changes to the liabilities that have occurred over the past few years. Amendments to these agreements require written approval from the Commission.
4. Amendments to Schedules "C" of both Fund Agreements is required if the Commission consents to NB Power's request for a modification of the investment mix.

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

Issue

5. In considering the application, the Commission was required to decide:
 1. if the modified financial guarantees are acceptable for the decommissioning and waste management of NB Power's PLNGS located on the Lepreau Peninsula in New Brunswick; and
 2. if, with these modifications, NB Power still fulfills the requirements of condition 16.1 of licence PROL 17.04/2017.

Hearing

6. Pursuant to section 22 of the NSCA, the President of the Commission established a Panel of the Commission to review the application. The Commission, in making its decision, considered information presented for a hearing based on written materials. During the hearing, the Commission considered written submissions from NB Power (CMD 16-H103.1) and CNSC staff (CMD 16-H103).

2.0 DECISION

7. Based on its consideration of the matter, as described in more detail in the following sections of this *Record of Proceeding*, the Commission concludes that NB Power has met the conditions of subsection 24(5) of the NSCA. Therefore,

the Commission, pursuant to section 24 of the *Nuclear Safety and Control Act*, accepts the requested modifications to the funds agreements listed in the financial guarantees for the New Brunswick Power Corporation Point Lepreau Nuclear Generating Station.

3.0 ISSUES AND COMMISSION FINDINGS

8. The Commission has reviewed the information provided by NB Power, as well as CNSC staff's recommendations regarding NB Power's request to modify the asset mix related to the Point Lepreau Financial Guarantees. The proposed asset mix reduces fixed income percentage of the portfolio and increases equities and alternative investments. The Commission accepts the New Brunswick Investment Management Corporation's (NBIMC) proposed mix, which NBIMC asserts would reduce the volatility and slightly increase returns.

9. The Commission agrees with CNSC staff's review of the application request and with the existing triggers and other guarantees offered in case the Fund's asset evaluation falls below 100 percent. The Commission accepts NB Power's commitment to inform the CNSC of every instance where the fund's value drops below 100 percent of the discounted value of future expected cash-flows associated with projected decommissioning liabilities.
10. The Commission directs NB Power to continue to submit annual written reports to the CNSC, or at any time as the Commission may request, confirming that the financial guarantees for decommissioning costs remain valid, in effect and sufficient to meet the decommissioning needs.

4.0 CONCLUSION

11. The Commission has considered the information and submissions from NB Power and CNSC staff, and is satisfied that the requested modifications are administrative in nature and will not adversely impact the safety of the PLNGS operations.
12. The Commission is satisfied that the CNSC has full access to 100 percent of the financial assurance requirements.



Michael Binder
President,
Canadian Nuclear Safety Commission

APR 11 2016

Date