

Opening Remarks

by Hugh MacDiarmid, President & CEO

Atomic Energy of Canada Limited (AECL)

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Natural Resources

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Thank you Mr. Chairman.

Before I proceed, I want to once again introduce Mr. Bill Pilkington, the Chief Nuclear Officer for AECL.

Let me begin by expressing my own concern and acknowledgement of the impact of the ongoing strain on the supply of medical isotopes across Canada, and around the world. We are obviously following the news of the shortage very closely, and we have daily reminders of the urgency and the importance of our mission. We deeply regret the all-too-real consequences of the shutdown of our Chalk River facility.

Nowhere is the deep sense of duty to remedy this situation felt as acutely as it is among the men and women of AECL and most especially among the talented and dedicated employees at the Chalk River facility who have been working around the clock since the outage occurred in May.

As our work has progressed, we have conducted ourselves with the greatest possible transparency. We provide proactive disclosure of our progress on a weekly basis. I have directed that there be clear milestones and reporting of progress against those milestones. This is a project where there continues to be full communication with all of our stakeholders. We, in fact, published our seventeenth status report on August 19.

In that update, we provided guidance on the duration of the shutdown. This guidance continues to be founded on the best evidence available, including the most up-to-date analysis of the inspection data, progress on repair strategies, and

critical path requirements for restart after an extended shutdown. At this time, the selection of the band of weld build-up technique, allows us to project that the NRU will return to service during Q1 2010.

The Canadian Nuclear Safety Commission's (CNSC) approval will be required prior to AECL re-fuelling the reactor. As a result, AECL and the CNSC signed the "Protocol for the NRU Restart Licensing Activities" on August 14. The Protocol outlines the administrative framework, milestones and service standards for the licensing activities required for restarting the NRU reactor. It is posted at www.nrucanada.ca

This protocol ensures, in that same spirit of transparency, that the full regulatory review process is followed, and when the NRU returns to service, it will operate safely while once again producing isotopes.

To recap our return to service plan, we have developed a three-phase program.

The first was to do a condition assessment of the reactor and to select a repair technique. We have completed this phase but will continue with confirmatory inspection and analysis.

Testing of the repair process and special tools will be carried out on the full height mock-up now constructed in the former NRX facility at Chalk River Laboratories. The mock-up is now being used to test the specialized tools designed to perform vessel cleaning and the removal of material samples for analysis.

The second phase, of course, will be effecting the repair itself. We are using proven technology. A key challenge is accessing the repair site through a 12 centimetre aperture that is a distance of 9 metres away – all performed in a radioactive environment. This requires considerable expertise in designing specialized tooling and conducting training within a full scale mock up environment.

Finally, the third phase will be returning the reactor to service, as I mentioned, with the full oversight of the CNSC.

These three phases interlock and overlap to some degree. This approach ensures that we will get this reactor back into service as soon as we possibly can.

I want to state unequivocally our belief that the NRU can be repaired and is indeed well worth repairing. It is very clear in our minds that the repair program is the best available option for continued supply of medical isotopes to the patients.

We already anticipate looking to renew the current operating license of the NRU for another five years to 2016.

To sum up, since the reactor shutdown, we have always sought to communicate what we know. We have based our project plans and our communications surrounding these project plans on evidence, not speculation. We will continue to be fully transparent with Canadians based on what we know today. We are confident that we can return this reactor to service in the first quarter of 2010.

We truly have an outstanding team of professionals – scientists, engineers, technologists – who can get this job done. We know the eyes of the country, and the world, are upon us, and that is why we have the personnel, the suppliers, and the third party independent verification that is appropriate to the circumstances.

I want to conclude with a brief comment on some of the ongoing debate about the Maple reactors and the possibility that they could be a solution for the near term production of medical isotopes. Let me reiterate the facts. The Maples were never approved to be put into service. The reactors are in an extended shutdown state. The Maples are not a viable solution for long-term isotope production, and they most certainly are not a solution to the current isotope shortage.

Thank you.