

Opening Statements by AECL President & CEO to the CNSC -- February 24, 2005

Significant Development Report No. 2005-2 THE CHAIRPERSON: The next item on the agenda is a Significant Development Report No. 2005-2 which is outlined in the following CMDs, 05-M10, 05-M10.A, 05-M10.B.

THE CHAIRPERSON: I note that we have a number of executives from AECL with us, led by the CEO, Mr. Van Adel. Welcome, Mr. Van Adel. Perhaps before we open the floor for questions we would give AECL an opportunity to speak to the SDR and also the update report by the staff. Mr. Van Adel, you have the floor.

MR. VAN ADEL: Thank you very much, Madam Chair. I have with me today a number of executives, as you mentioned. I will just introduce them: Dr. David Torgerson, on my left, is our Senior Vice President and Chief Technology Officer; Dr. Paul Fehrenbach, on my right, is Vice President, Nuclear Laboratories; and Dr. Ken Hedges, just immediately behind me, is newly appointed Vice President, Dedicated Isotope Facilities. In regard to specific questions, I would direct those on the detailed side to Dr. Fehrenbach, but if it would be appropriate I would like to make an overall statement to the Commission regarding the matters before them. If that would be appropriate, I would do that now or later.

THE CHAIRPERSON: Mr. Van Adel, would this be specific on the NRU event or more generally?

MR. VAN ADEL: It would be regarding the three matters that are before you, but it will address each of them I think, because the measures that I would outline generally address what I think is the root cause issues.

THE CHAIRPERSON: That's fine. Then if you wish to have Dr. Fehrenbach address the NRU before we get into question period, that is your choice.

MR. VAN ADEL: Okay. Thank you very much. If I may, then, I will make as brief a statement as I can. I understand that today's meeting has before it three separate agenda items which in one

way or another involves activities that have taken place at AECL's Chalk River facilities. As I mentioned, I don't intend to deal with the specifics of each of those matters but to talk about more high level issue. I would like to address the more general way in which AECL's response to recent regulatory matters that have been brought before the Commission and have attracted wider attention, including in the media.

We understand that establishing good process and following good procedures are the essence of modern licensing and we at AECL take the CNSC's requirements in this regard extremely seriously.

We are driving to remain compliant with today's increasing regulatory requirements by improving processes, by training, by organizational and cultural change, and by formalizing what in the past has been handled sometimes in an informal manner. Remembering that some of our facilities have been under operation for in excess of 50 years, there is an element of informality or there may be remnants of previous processes that need to be addressed. Today's matter on the agenda, whether it is the NRU valve leak or the MAPLE or MMIR guaranteed shutdown state illustrate the need to ensure that processes and procedures are in place and rigorously followed.

Having said that, we do wish to stress to the Commission that at no time with respect to these or any of the other matters that have recently been before you, has the safety or health of the public or our employees been affected. These matters, while serious and important, are process issues and procedural issues.

The matters that are before you or have been before you recently are not characteristic of our organization. Our company is made up of highly educated, trained professionals who perform well daily and deliver technically sophisticated solutions and results on a regular basis, often in circumstances of intense pressure and tight deadlines. Our NRU reactor is the most successful and reliable producer of medical isotopes in the world and routinely AECL and its staff, together with our partners MDS Nordion, team together to make the bulk of the world's medical isotope needs. Our performance in difficult and challenging environments such as China and Romania,

and at Chalk River, has been world-class. The matters before you today, though, do detract from that performance and I am putting the following measures in place, in addition to the detailed measures that have been outlined to the CNSC staff and will be outlined to the Commission, that will drive the excellence that both the Commission and AECL expect.

So to ensure that we can meet the increased emphasis and process and procedure required by today's rigorous standards, I am enhancing senior oversight of our regulatory, operational and licensing activities. Earlier this week, in fact yesterday, I took further measures to enhance our operational effectiveness with the creation of a new executive level position of Chief Regulatory Officer and the addition of several key specialist positions to support that role. The Chief Regulatory Officer will be responsible for AECL's overall compliance with the current regulatory framework. That position will report to Dr. Fehrenbach, Dr. Torgerson and myself and will make regular reports to the Executive Management Committee.

I also announced two additional key appointments. Dr. Ken Hedges has been appointed Vice President, Dedicated Isotope Facilities and he will be looking after the entire MAPLE project in all its dimensions. Mr. Paul Lafreniere, one of our most experienced operating officers, has been appointed General Manager of DIF Operations, that is Dedicated Medical Isotope Facilities, reporting directly to Dr. Hedges. These appointments and these positions have full accountability for all aspects of the new medical isotope facilities at Chalk River. We will continue to add resources into areas where process improvements are needed and into areas of monitoring and compliance. We need to respond to the Commission's requirements on a timely basis and we will continue to drive for excellence.

I am confident that these measures, in addition to the specific responses to the incidents, will meet the requirements of the Commission and the CNSC, and indeed our own standards.

I will conclude my comments there. If you wish to ask further questions, we would be glad to answer them. Thank you.