



NUCLEAR WASTE
MANAGEMENT
ORGANIZATION

SOCIÉTÉ DE GESTION
DES DÉCHETS
NUCLÉAIRES

ANNUAL REPORT 2002

Dialogue

From Dialogue to Decision:

MANAGING CANADA'S NUCLEAR FUEL WASTE

to Decision



NUCLEAR WASTE
MANAGEMENT
ORGANIZATION

SOCIÉTÉ DE GESTION
DES DÉCHETS
NUCLÉAIRES

Honourable Herb Dhaliwal
Minister, Natural Resources Canada
Ottawa, Ontario

March, 2003

Dear Minister,

We are pleased to submit to you the first annual report of the Nuclear Waste Management Organization (NWMO).

Fiscal year 2002 marks the first year of operation for the NWMO. We submit this report in compliance with sections 16 (1) and 23 (1) of the Nuclear Fuel Waste Act. In fulfillment of our obligations under section 24 of the Act, we are also making this report available to the public.

Respectfully submitted,

Richard Dicerni
Chairman

Elizabeth Dowdeswell
President

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From Dialogue to Decision:

MANAGING CANADA'S NUCLEAR FUEL WASTE

CONTENTS

PAGE . 4	VISION, MISSION AND VALUES
PAGE . 7	CHAIRMAN'S MESSAGE
PAGE . 8	CORPORATE PROFILE The Legislative Underpinnings: The Nuclear Fuel Waste Act
PAGE . 10	PRESIDENT'S REPORT The Starting Point For Our Journey A Matter Of Public Trust A Process of Integrity
PAGE . 12	2002 IN REVIEW - WHAT WE ACCOMPLISHED The Corporation The Trust Funds The Advisory Council The Beginning of a Dialogue
PAGE . 16	2002 IN REVIEW - WHAT WE HEARD
PAGE . 18	LOOKING AHEAD A Process for Engagement and Study Phase 1: Conversations about Expectations Phase 2: Exploring the Fundamental Issues Phase 3: Evaluation of Management Approaches In Conclusion
PAGE . 20	GOVERNANCE
PAGE . 23	FINANCIAL STATEMENTS

From Dialogue to Decision:

MANAGING CANADA'S
NUCLEAR FUEL WASTE

VISION, MISSION AND VALUES

VISION:

What are NWMO's hopes for the future?

MISSION:

What is the purpose of NWMO?

VALUES:

What guides NWMO's work?

VISION, MISSION AND VALUES

VISION

Our vision is the long-term management of Canada's nuclear waste in a manner that safeguards people and respects the environment, now and in the future.

MISSION

The purpose of the NWMO is to develop collaboratively with Canadians a management approach for the long-term care of Canada's used nuclear fuel that is socially acceptable, technically sound, environmentally responsible and economically feasible.

VALUES

The fundamental beliefs that will guide us in our work include:

INTEGRITY

We will conduct ourselves with openness, honesty and respect for all persons and organizations with whom we deal.

EXCELLENCE

We will pursue the best knowledge, understanding and innovative thinking in our analysis, engagement processes and decision-making.

ENGAGEMENT

We will seek the participation of all communities of interest and be responsive to a diversity of views and perspectives. We will communicate and consult actively, promoting thoughtful reflection and facilitating a constructive dialogue.

ACCOUNTABILITY

We will be fully responsible for the wise, prudent and efficient management of resources and be accountable for all of our actions.

“The Advisory Council intends to play a meaningful and substantive role. Canadians expect and deserve to know that their interests and concerns are at the heart of all NWMO activities.”

HONOURABLE DAVID CROMBIE
ADVISORY COUNCIL CHAIRMAN

VISION, MISSION AND VALUES

For a new organization, defining its vision, mission and values is fundamental. We are pleased to share the NWMO’s statement in the spirit of communicating the aspirations of the NWMO and the expectations that we hold for our own operations.

Consistent with this statement, we identify a number of priorities for the NWMO:

FULL CONSIDERATION OF THE ETHICAL AND SOCIAL DIMENSIONS

We will assess the management options within an ethical and social framework which will be central to our study. The long-term management of used nuclear fuel raises many ethical and social issues – ranging from societal and inter-generational implications to institutional considerations relating to the environment, safety, sustainability and security.

OPEN, TRANSPARENT DIALOGUE

As an organization, we will seek an open, transparent dialogue with all concerned citizens and communities of interest. We will ensure that aboriginal peoples are involved and that their needs and expectations are addressed appropriately.

EXPERT ADVICE

The NWMO will study a range of approaches for managing nuclear fuel waste. We must examine storage at the reactor sites, deep geological disposal, and central storage above or below ground. We are free to explore alternatives as well. In so doing, we want to ensure that all approaches are subject to careful and thoughtful analysis. In some areas, substantial work has already been done. We will certainly benefit from those efforts.

However, it is also our responsibility to review relevant new knowledge to ensure a comprehensive assessment of the range of approaches.

GUIDANCE FROM THE ADVISORY COUNCIL

We are fortunate in having an Advisory Council comprised of accomplished Canadians. The legislation explicitly mandates that the Advisory Council examine and provide written comments on the NWMO’s study of management approaches. We will be seeking Advisory Council guidance much more broadly, as we approach key strategic points in our consultation and study processes.

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CHAIRMAN'S MESSAGE

The Nuclear Waste Management Organization (NWMO) is pleased to submit its first annual report to the Minister of Natural Resources Canada, as required by the Nuclear Fuel Waste Act (NFWA).

The NWMO is reporting on its fiscal year 2002 which ended on December 31, 2002. This was a productive period in terms of laying the foundations for the NWMO's work. A number of activities were led by the Board of Directors throughout 2002 in support of a fully operational NWMO by October 1, 2002.

The Board of Directors is committed to the principle of an open and accessible NWMO and to ensuring that the views of stakeholders are taken into account. At the same time, we are committed to meeting the timelines established by the legislation. In this regard, three years is not, by international standards, a long period of time for conducting this type of study. There is a fine balance between producing a plan within prescribed time limits and ensuring that there is adequate dialogue involving stakeholders so that the full range of societal

views can be represented. It will be important to balance the need for public consultation while also seeking to achieve a timely outcome as prescribed by legislation. The NWMO will do its utmost to find an appropriate balance between timeliness and consultation.

The Board of Directors has structured the NWMO to reflect the legislation, and will continue to ensure the fulfillment of all legislated requirements under the NFWA.

We are very fortunate that a number of distinguished Canadians have accepted our invitation to become members of the Advisory Council. The Advisory Council, established in 2002, will make important contributions to the NWMO, providing an important source of ongoing advice and guidance to the NWMO Board of Directors and the President.

The Board was also pleased to have been able to recruit Ms. Elizabeth Dowdeswell as President of the NWMO. Her vision and leadership will be key elements in implementing the mandate of the NWMO.

I speak on behalf of all members of the NWMO Board of Directors when I say that we welcome the opportunity to contribute to the Government's decision-making on this important matter of public policy for Canada. We remain committed to fulfilling all of our legislated responsibilities under the NFWA, and to ensuring a full public dialogue as the NWMO undertakes to complete the study within the required three-year timeframe.

Richard Dicerni
Chairman

CORPORATE PROFILE

The Legislative Underpinnings: The Nuclear Fuel Waste Act

The Nuclear Waste Management Organization (NWMO) has been created under the provisions of the Nuclear Fuel Waste Act (NFWA).

The Act outlines the scope of the NWMO mandate, including the nature of the work required to study the alternatives, determine and recommend best approaches for managing used nuclear fuel.

This legislation requires major owners of nuclear fuel waste to establish a waste management organization (the NWMO). The NWMO is to carry out the managerial, financial and operational activities to implement the long-term management of nuclear fuel waste. In the early part of its mandate, the NWMO will investigate approaches for managing Canada's used nuclear fuel, recommend an approach, and report regularly to the Government of Canada.

The purpose of the NFWA is to provide a framework to enable the Government of Canada to make a decision on the long-term management of nuclear fuel waste that is based on a comprehensive, integrated and economically sound approach for Canada, chosen from the proposals of the waste management organization.

Brought forward through the parliamentary process as Bill C-27, the NFWA received Royal Assent on June 13, 2002 and came into force on November 15, 2002. Some of the key elements of the NFWA include:

- The NWMO is to be set up by nuclear energy corporations and operate on a non-profit basis in:
 - > Proposing approaches for the management of nuclear fuel waste to the Government of Canada; and
 - > Implementing the approach that is chosen by the Government of Canada.

- The NWMO must execute and submit to the Minister of Natural Resources Canada a study which sets out:
 - > Proposed approaches for managing nuclear fuel waste, along with the comments of the Advisory Council on those approaches. The study must assess approaches from a variety of dimensions – ethical, social and economic, as well as technical considerations.
 - > A recommendation to Government as to which of these, or any other proposed approaches, should be adopted.

CORPORATE PROFILE

“This is an extraordinary opportunity to help shape public policy on a highly complex and controversial issue.”

DAVID CAMERON
ADVISORY COUNCIL MEMBER

- The NWMO is required to consult the general public, including aboriginal peoples, on each of the proposed approaches.
 - The NWMO is required to study the following three approaches, at a minimum:
 - > Deep geological disposal in the Canadian Shield¹;
 - > Storage at nuclear reactor sites; and
 - > Centralized storage, either above or below ground.
 - The Act lays out the three-year timeline within which the NWMO must complete its public consultations and submit the study and recommendations to government. The study is to be submitted to the Minister within three years of the NFWA coming into force (by November 15, 2005). The study is also to be made available to the public at the same time.
 - The NWMO must appoint a broadly-based Advisory Council, which is to examine and provide written comments on the study and recommendations.
- These comments are to be included in the study.
- The Act mandates federal Government oversight of the process. The NWMO must submit annual reports to the Minister of Natural Resources, and is required to make these reports available to the public.
 - The Act assigns financial responsibility to the nuclear energy corporations through the obligation to establish and fund the NWMO's operations and study.
 - Nuclear energy corporations (Ontario Power Generation, NB Power and Hydro-Québec) as well as AECL must establish Trust Funds, into which they must deposit annual payments to finance the long-term management of nuclear fuel waste. The NFWA specifies the amounts of the required payments for each company.
 - The legislation provides that the Government of Canada will choose the approach. The NWMO will then implement that approach, subject to all the necessary regulatory approvals.

¹ Based on the concept described by Atomic Energy of Canada Limited (AECL) in the Environmental Impact Statement on the Concept for Disposal of Canada's Nuclear Fuel Waste and taking into account the views of the environmental assessment panel set out in the Report of the Nuclear Fuel Waste Management and Disposal Concept Environmental Assessment Panel dated February 1998.



PRESIDENT'S REPORT

THE STARTING POINT FOR OUR JOURNEY

Like many other countries, Canada has relied for some time on a mix of energy sources, including nuclear power generation. We observe that all major sources of energy have significant impacts on the economy and the environment. In the case of nuclear power generation, used nuclear fuel emerges as a byproduct of the power generation process and must be managed carefully. Canadian nuclear power plants are fuelled by uranium in the form of a fuel bundle. Once the fuel bundle has been used to generate electricity, it is removed from the reactor and must be managed with care and attention to safety. If it is improperly managed, used nuclear fuel – or nuclear fuel waste – is hazardous to humans and the environment for a very long time.

The NWMO's mandate represents an important next step in a research and study process that has been unfolding since the late 1970's within Canada. The NWMO will build upon the contributions of the many others who have preceded us in this area. Most recent is the work of the Nuclear Fuel Waste Management and

Disposal Concept Environmental Assessment Panel, widely known as the Seaborn Panel for the name of its Chairman, Blair Seaborn. Although this Panel's work focused on a single approach to used fuel management – deep geological disposal in the Canadian Shield – it also identified a list of criteria to evaluate the safety and acceptability of any approach for long-term waste management. The Panel also made a number of recommendations on the fundamental tenets of public participation processes.

Other countries have been addressing similar issues and undertaking parallel work. Their substantial knowledge and experience will be very helpful to us, as we consider this work in our study of approaches for Canada.

The NWMO will determine where further research may be required to support a full review of the approaches. Where a need is identified, we will commission additional work. This will ensure that we have studied different approaches comprehensively and carefully, and that our analysis benefits from the most recent and emerging knowledge on these

issues. In this way, we will take into account both national and international expertise, and consider the experience of other jurisdictions which are also making decisions on the long-term management of nuclear fuel waste.

A MATTER OF PUBLIC TRUST

It is clear that the public interest must always be paramount, particularly in the case of a policy issue as important as the long-term management of used nuclear fuel.

The NWMO's public engagement and study, complemented by processes provided under the NFWA, the Canadian Environmental Assessment Act (CEAA) and the Nuclear Safety and Control Act (NSCA), provide a very extensive set of requirements for public consultation to ensure transparency and full public dialogue on long-term approaches for managing nuclear fuel waste. As outlined below, together these provisions serve as guarantors of a fair process designed to protect health, safety and the environment.

“We need to listen closely to all Canadians. It is important that the knowledge and contributions of the broadest range of people and interests be fairly considered.”

DONALD OBONSAWIN
ADVISORY COUNCIL MEMBER

PRESIDENT'S REPORT

The NFWA provides direction to the NWMO to ensure that the public interest is at the heart of our work:

- This legislation requires that we carry out public consultations in formulating our recommendations.
- The NFWA requires that the NWMO establish an Advisory Council, mandated to examine and comment on the NWMO's study of management approaches.

Beyond the legislative requirements, the NWMO will be looking to the Advisory Council for general guidance and advice concerning the design of effective public and stakeholder consultations, and the framework that should be adopted for the study of approaches for the management of used nuclear fuel.

The journey to confirm appropriate decisions for Canada will continue to evolve after the NWMO submits its recommendations to Government. Once the NWMO recommends a management approach to Government, there are a number of complementary reviews and regulatory processes designed to safeguard the interests of Canadians as the Government of Canada makes the policy decision:

- After receiving the NWMO study, the Minister of Natural Resources Canada may also initiate consultations.
- Following a decision by the Governor in Council on a management approach, the NWMO will need to obtain construction and operating licences for the facility. This involves an environmental impact assessment under the CEAA and appropriate approvals from the Canadian Nuclear Safety Commission. Both of these processes will involve public consultations.

A MATTER OF INTEGRITY

As the NWMO assumes its role in this process, we will be evaluating our organization and our activities against a high level of expectations set by the Seaborn Panel and its findings, as well as by the Canadian public. The NWMO will provide the government with a well-researched report, based on broad consultations, which will form the basis of future decision-making.

Our study will maintain its integrity, both through analytical rigour, and through broad-ranging and innovative opportunities for public input and engagement. This commitment is evident in our statement of vision and values, which captures what we believe Canadians want to see in this process: openness, transparency, integrity, dialogue and the highest levels of excellence in technical and scientific research.

As the NWMO embarks on this journey, we will encourage and invite insights and experiences.

Elizabeth Dowdeswell
President

2002 IN REVIEW – WHAT WE ACCOMPLISHED

2002

THE CORPORATION

The Nuclear Waste Management Organization (NWMO) was incorporated as a not-for-profit corporation under Part II of the Canada Corporations Act.

Major owners of nuclear waste established the NWMO and developed the supporting governance structures to meet their obligations and the objectives of the NFWA.

In 2002, the Members appointed a Board of Directors to provide oversight of the NWMO. The Board's early priorities included appointment of a President in October 2002.

The founding Members – Ontario Power Generation, NB Power (New Brunswick Power Corporation) and Hydro-Québec – together developed governing documents and committed to a cost-sharing funding formula, which provides the NWMO with secure funding of its annual operations.

The administrative foundation was laid in 2002, with the establishment of the NWMO office in Toronto, and the implementation of supporting governance structures.

THE TRUST FUNDS

The NFWA specifies requirements for nuclear energy corporations and AECL with respect to the establishment of trust funds to finance the long-term management of nuclear fuel waste. The NWMO may only have access to these trust funds for the purpose of implementing the management approach selected by Government, once a construction or operating licence has been issued under the NSCA.

Of note for 2002, the companies listed below were required to establish the trust funds and deposit into their respective trust funds the following amounts:

ONTARIO POWER GENERATION	\$500,000,000
HYDRO-QUÉBEC	\$20,000,000
NEW BRUNSWICK POWER CORPORATION	\$20,000,000
ATOMIC ENERGY OF CANADA LIMITED	\$10,000,000

These amounts were deposited by the companies respectively in 2002. It is important to note that these legislative obligations are the responsibilities of the individual companies named, and not the responsibility of the NWMO. These trust funds are noted here, in light of their significance in the overall provision for long-term nuclear waste management.

The NWMO is required to make public the audited financial statements for these trust fund accounts, as provided by the financial institutions for each fiscal year. The NWMO will, accordingly, make the statements public once received by the financial institutions.

THE HEAD OFFICE OF THE NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO) IS LOCATED AT 49 JACKES AVENUE, FIRST FLOOR, TORONTO, ONTARIO, M4T 1E2.

2002 IN REVIEW – WHAT WE ACCOMPLISHED

THE ADVISORY COUNCIL

One of the Board's earliest priorities was the establishment of the Advisory Council. Appointments were made in Fall 2002, and the Advisory Council met for the first time on October 23rd–24th, 2002.

As noted earlier, the Advisory Council has a statutory responsibility to review independently and provide written comments on the NWMO study and the approaches considered in that study. These comments are to be added to the NWMO's study when submitted to the Minister and made public.

The NWMO Board and President will, however, be looking to the Advisory Council to perform a much broader role. They have asked the Advisory Council to provide the NWMO with independent, arms-length guidance and advice on the design of consultation processes and study approaches for the long-term management of nuclear waste. The Advisory Council will serve as a sounding board, providing advice at each strategic point in the NWMO work plan.

The Council brings a wealth of perspectives and insights, and diversity of views, which will enrich the NWMO process. The Advisory Council members are successful and respected leaders in their fields, bringing integrity, good judgment and a breadth of experience to our work. The collective expertise of the Advisory Council reflects the broad range of skills and background envisaged in the NFWA.

Membership includes nuclear engineers who bring nationally recognized expertise on the technical and scientific aspects of nuclear energy. For several members, distinguished careers in government at the federal, provincial and local levels have reinforced their understanding and appreciation of the importance of the social and ethical dimensions of public policy.

Members will draw on their experience at the local, national and international levels to advise the NWMO on consultation mechanisms and approaches. Their expertise and practical experience are vital in ensuring that public and community voices participate in our dialogue.

Council members bring expertise on aboriginal matters, from previous work in government portfolios, advisory roles on task forces, and personal background. The membership brings to the process the important participation of teachers and communicators, who place a high value on clear communication, and on the active engagement of Canada's youth.

“I look forward to assisting the NWMO as it works to achieve sound, constructive solutions that are sensitive to the ethical and social concerns of Canadians.”

HELEN COOPER
ADVISORY COUNCIL MEMBER

2000

2002 IN REVIEW – WHAT WE ACCOMPLISHED

The Beginning of a Dialogue

Immediately following the appointment of the President, one of the first activities initiated by the NWMO was a series of introductory meetings and early conversations with a broad range of communities of interest.

These discussions included, but were not limited to, people who are directly concerned, or have signalled their desire to be involved in the process. We met with mayors of some reactor site communities, consultation experts, regulators, legislators and parliamentarians.

We sought counsel from people who are experienced in public dialogues on important environmental issues. We received advice from individuals experienced in managing commissions and inquiries and working with aboriginal peoples. We have also made contact with relevant international bodies, and ensured that we will be able to tap into their networks of expertise.

Through these conversations, we have made efforts to find out what processes and approaches have done the best job of guaranteeing meaningful dialogue and contributions from the general public, interest groups, different levels of government and the aboriginal peoples. This advice, and the range of innovative models we have identified through these discussions, will be very helpful as we proceed with outreach plans for 2003.

These were initial conversations only, designed to begin the process of engagement. The meetings began the dialogue that the NWMO will commence in a more formal way in 2003.



2002 IN REVIEW – WHAT WE ACCOMPLISHED

These initial discussions highlighted the importance of having a sophisticated website that will be capable of encouraging and advancing our dialogue with interested members of the public. Accordingly, we gave priority to the design of a website, www.nwmo.ca, to support our outreach and public consultation process.

To provide some benchmark information on perspectives of the Canadian public, in the early days of our organization we commissioned public opinion research through 14 discussion groups across different regions of Canada, in November and December 2002. While these are early findings, they are nonetheless helpful in signalling the public context in which we will be undertaking our consultations.

These discussion groups were intended to identify and explore the range of opinions Canadians hold on the issue of nuclear waste, and to gauge their awareness, understanding, interest and desired participation in our process. The findings helped us begin to understand what matters to individuals, and how they may wish to be involved in helping us think through the framework for the study.

This early work will lay the foundation for the design of the study of management approaches.

“The nuclear community has to communicate clearly with Canadians on nuclear issues. An informed dialogue is essential to finding the best approach to waste management.”

DANIEL ROZON
ADVISORY COUNCIL MEMBER

“Knowledge is an essential tool of citizen empowerment. I am particularly interested in the perspectives young people will offer. They will live with the outcome of any NWMO recommendations.”

GORDON CRESSY
ADVISORY COUNCIL MEMBER

2002 IN REVIEW – WHAT WE HEARD

A number of key themes have emerged from our initial conversations with various communities of interest, and some preliminary public opinion research. Some of the messages that we heard through these early discussions are provided below:

THE STUDY PROCESS MUST BE GROUNDED IN KNOWLEDGE AND EXPERTISE. The assessment of management options must be based on the best science, knowledge, and experience available in Canada and worldwide. Members of the public expect that the study will focus on expert research and multi-party evaluation in conducting our study. People also expect Canada to benefit from, and build on, the experiences and learning of other countries on the topic of nuclear waste management, as well as on how best to involve the public and communities of interest.

Finding a waste management solution is considered important but difficult. There is some sense among the public that a deep knowledge is necessary to make a meaningful contribution to the debate. The sheer number and complexity of the issues, and the amount of technical information involved, were seen by many as deterrents to participation – that is, unless there is a specific impact on their own community.

THE STUDY MUST DEMONSTRATE INTEGRITY. THE STUDY ANALYSIS MUST BE COMPREHENSIVE, INDEPENDENT, OBJECTIVE AND NOT UNDULY INFLUENCED BY INDUSTRY OR POLITICAL CONSIDERATIONS.

Investments in public knowledge will be important. Generally speaking, there is low public awareness about used nuclear fuel and issues related to its management. People will need to be informed on these issues before they can engage in meaningful discussion about the options.

2002 IN REVIEW – WHAT WE HEARD

The study process must be transparent and inclusive. People expect that the assessment of approaches for managing used nuclear fuel will engage Canadians. People want to be able to observe and follow the thinking-through of approaches, and reflect on the research, as it evolves. They expect that opportunities to participate in these discussions will be communicated widely and regularly. People expect the process to consider and address a diversity of views in its work.

An active Advisory Council will increase confidence. Having an expert panel counsel, monitor and report on the study provides an additional mechanism by which the public can be assured the study process is appropriate and that it serves the public interest.

“We must be certain of our solutions. Finding the best possible approach will require careful oversight of the technical and scientific research brought to bear on this issue.”

DEREK LISTER
ADVISORY COUNCIL MEMBER

From these very early stages of our conversation, we have begun to grasp the nature of the challenges facing the NWMO as the public and communities of interest understand them.

Canadians are expressing a need for progress on the nuclear waste issue, and they expect it. They appreciate that someone is working to advance solutions on their behalf. We are listening to the concerns raised, and will try to provide Canadians with a credible, honest and open process to find solutions that they can support. Our challenge will be to build confidence in this process, while recognizing the diversity of views held by individuals.

LOOKING AHEAD

A Process For Engagement and Study

Our task is formidable: We have been given three years to evaluate and to define, together with all communities of interest, Canada's approach for managing nuclear fuel waste in the long term. To achieve this, we must design a comprehensive, innovative and wide-ranging consultation process, and compare the risks, costs, benefits and social and ethical implications of various management approaches.

Outlined below is the NWMO's current thinking on this process. It reflects three phases of work – from now, through to November 2005. This is, by choice, a preliminary plan that will evolve. In sharing this early plan, we are “thinking out loud,” and encouraging input that will help shape and direct the work as we go.

PHASE 1: CONVERSATIONS ABOUT EXPECTATIONS

The first phase of our work, which we call “Conversations about Expectations” is intended to provide the public with the opportunity to learn about our mandate, and to help us shape the work plan.

As part of this phase, we will prepare and release a discussion document to describe our mandate, and to present further details about our preliminary thinking about the NWMO work plan.

We would like people to define how they wish to be consulted. We will encourage public participation in the NWMO's work as we seek a management approach for nuclear fuel waste that is socially acceptable, technically sound, environmentally responsible, and economically feasible.

PHASE 2: EXPLORING THE FUNDAMENTAL ISSUES

In the second phase we plan to explore, in depth, fundamental issues raised during Phase 1, through the development and application of an analytical framework.

As we study and review different management options, diverse issues will arise. For example, key issues to be explored in depth may range from the identification of societal, ethical and community implications, to specific issues of safety and security in transportation and storage of used nuclear fuel. Many tools are available to help frame such issues and support discussion with the public, stakeholders and experts. These include scenario building, workshops, public opinion research, citizens' panels, expert roundtables, and policy debates, to name a few. At the same time, the analysis will require us to seek world-class expertise in the natural, applied and social sciences to support a comprehensive assessment of different approaches.

LOOKING AHEAD

During this phase, there will be a dynamic interaction between the engagement processes and our research and analysis. We will be continually integrating the insights gained from the engagement process into the analytical framework, referring issues to research and analysis as they arise through public consultations. Similarly, as key research findings emerge, we will share this information with the public, and various communities of interest for discussion, continuously enriching the iterative learning process.

PHASE 3: EVALUATION OF MANAGEMENT APPROACHES

Phase 3 will focus on the evaluation of the specific management approaches, using the analytical framework and research findings from Phase 2. The engagement process will continue, and we anticipate that we will prepare a comprehensive discussion document to support these discussions.

Before completing the final study that is submitted to government, we intend to undertake a process of testing and validation of our recommendations.

The NWMO will submit its study and recommendations to the Minister of Natural Resources Canada no later than November 15, 2005.

IN CONCLUSION

The work that lies ahead is clear. We must ask the right questions, and answer them well. We must engage the public from the very beginning – in the definition of our process itself. And finally, we must provide the Government of Canada with a strong and true proposition that has passed the tests of social acceptability, technical soundness, environmental responsibility and economic feasibility.

Our plan as we have presented it here is constantly evolving. We will reshape it with input that we receive from the public, and the conversations that we have in the months to come.

Please visit our website at www.nwmo.ca for the latest information as it becomes available, and to stay involved in our activities.

“When it comes to nuclear waste, we are dealing with time frames that are almost beyond our ability to conceive. We must consider fully the intergenerational impacts of the choices we make today.”

FREDERICK GILBERT
ADVISORY COUNCIL MEMBER

GOVERNANCE

Board of Directors*



RICHARD DICERNI, CHAIRMAN
Executive Vice President and
Corporate Secretary
Ontario Power Generation



ADÈLE MALO
Vice President
Law & General Counsel
Ontario Power Generation



STUART GROOM
Chief Nuclear Engineer, Point
Lepreau Generating Station
NB Power Corporation



KEN NASH, VICE-CHAIRMAN
Vice President
Nuclear Waste Management
Ontario Power Generation



FRED LONG
Vice President
Financial Planning
Ontario Power Generation



RENÉ PAGEAU
Director, Gentilly-2
Refurbishment Project
Hydro-Québec

Officers

ELIZABETH DOWDESWELL
President

FRED LONG
Treasurer

KATHRYN SHAVER
Corporate Secretary

* The NFWA required the nuclear energy corporations to establish the waste management organization. Accordingly, Ontario Power Generation, NB Power and Hydro-Québec were the founding members of the NWMO. Consistent with their statutory obligations, these member companies developed formal cost-sharing provisions and the underlying governance structures for the NWMO.

ADVISORY COUNCIL

THE ADVISORY COUNCIL'S ROLE IS TO:

- Independently comment on the nuclear waste management approaches the NWMO considers;
- Ensure that the views of the public and communities of interest are considered and are reflected in a thoughtful, balanced way in the proposed approaches and reports of the NWMO;
- Assist the NWMO in ensuring that its processes are of good quality and are open, transparent, thorough and sound;
- Regularly comment on the manner in which the NWMO discharges its responsibilities;
- Examine and provide to the NWMO their independent written comments on the study and the proposed approaches. Advisory Council comments to the NWMO, for inclusion in the organization's study and reports to Government, will be made public.

Members of the Advisory Council are:



HONOURABLE DAVID CROMBIE – CHAIRMAN

The Honourable David Crombie is the current President and CEO of the Canadian Urban Institute. He is a past mayor of the City of Toronto and a Privy Councillor. Mr. Crombie was the first Chancellor of Ryerson University and is the recipient of honorary doctorates of law from the University of Toronto and the University of Waterloo.



DAVID CAMERON

David Cameron is a Professor of Political Science at the University of Toronto. Dr. Cameron has held a number of senior government positions in both the federal and Ontario civil service. A Fellow of the Royal Society of Canada, he continues to advise on a wide range of governmental issues.



HELEN COOPER

Helen Cooper has more than 25 years of experience in community development, municipal governance, organizational planning and teaching. She is a former mayor of Kingston, Ontario. Ms. Cooper has contributed actively to a wide range of social and health initiatives at the municipal, provincial and federal levels.

CONTINUED OVERLEAF >

ADVISORY COUNCIL



GORDON CRESSY

Gordon Cressy is the President of the Canadian Tire Foundation for Families. A past President of the United Way of Greater Toronto, he has held Vice President positions at both the University of Toronto and Ryerson University. Mr. Cressy has a lengthy record of community involvement.



DEREK LISTER

Derek Lister holds the Industrial Research Chair in Nuclear Engineering at the University of New Brunswick in Fredericton, where he is also the Chairman of the Chemical Engineering Department. Dr. Lister's research interests are in the areas of chemistry and corrosion associated with nuclear systems.



DANIEL ROZON

Daniel Rozon is Head of the Engineering Physics Department at École Polytechnique de Montreal. Dr. Rozon holds a Ph.D in Nuclear Engineering and has worked in areas of reactor physics and nuclear engineering. A member of the Canadian Nuclear Society, he is a recognized expert on nuclear affairs and is often called upon to discuss and advise on current issues in the sector.



FREDERICK GILBERT

Frederick Gilbert is the President of Lakehead University in Thunder Bay, Ontario. Dr. Gilbert has had an extensive teaching and administrative career in the United States and Canada and has held several environmental and wildlife management public service positions. His research interests include resource management and the sustainable use of the natural environment.



DONALD OBONSAWIN

Donald Obonsawin has held a number of senior positions within the governments of Canada and Ontario. Mr. Obonsawin has been Deputy Minister of seven Ontario government ministries over a 15-year period. He has also held senior positions with several federal ministries including Indian Affairs and Northern Development and Health and Welfare Canada. He now works as a consultant.

AUDITORS' REPORT, FINANCIAL STATEMENTS & NOTES

Management's Responsibility for Financial Reporting

The accompanying Financial Statements of Nuclear Waste Management Organization (NWMO) are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it considers most appropriate. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to January 24, 2003.

Management maintains a system of internal controls which are designed to provide reasonable assurance that financial information is relevant, reliable and accurate and that assets are safeguarded and transactions are executed in accordance with management's authorization. The system is monitored and evaluated by management.

The financial statements have been examined by Deloitte & Touche LLP, independent external auditors appointed by the Members. The external auditors' responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditors' Report outlines the scope of their examination and their opinion.

February 14, 2003



Elizabeth Dowdeswell
President



Fred Long
Treasurer

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AUDITORS' REPORT

To the Board of Directors of
Nuclear Waste Management Organization (NWMO)

We have audited the statement of financial position of Nuclear Waste Management Organization (NWMO) as at December 31, 2002 and the statements of operations, changes in net assets and cash flows for the three months then ended. These financial statements are the responsibility of NWMO's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of NWMO as at December 31, 2002 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.



Deloitte & Touche LLP
Toronto, Ontario
January 24, 2003

STATEMENT OF FINANCIAL POSITION & STATEMENT OF OPERATIONS

Statement of
Financial Position

AS AT DECEMBER 31, 2002

ASSETS

CURRENT

Cash and Short-Term Investments	\$ 1,048,567
Accounts Receivable (NOTE 4)	77,662
Prepaid Expenses and Deposits	9,860

1,136,089

CAPITAL ASSETS (NOTE 3)

114,604

\$ 1,250,693

LIABILITIES

CURRENT

Accounts Payable and Accruals (NOTE 4)	\$ 399,891
Deferred Member Contributions (NOTE 5)	850,802

NET ASSETS

-

\$ 1,250,693

Commitments (NOTE 6)

APPROVED BY THE BOARD OF DIRECTORS, FEBRUARY 19, 2003:

Richard Dicerni

RICHARD DICERNI, CHAIRMAN, TORONTO, CANADA

Statement of Operations

THREE MONTHS ENDED DECEMBER 31, 2002

REVENUE

Member Contributions	\$ 488,197
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EXPENDITURES

Advisory Council	\$ 32,622
Stakeholder Consultation & Communication	128,081
Administration	318,439
Amortization	9,055

488,197

EXCESS OF REVENUE OVER EXPENDITURES

\$ -

STATEMENT OF CHANGES IN NET ASSETS & STATEMENT OF CASH FLOWS

Statement of Changes
 in Net Assets

	THREE MONTHS ENDED DECEMBER 31, 2002		
	Invested in Capital Assets	Unrestricted	Total Net Assets
BALANCE, BEGINNING OF PERIOD	\$ -	\$ -	\$ -
INVESTMENT IN CAPITAL ASSETS	\$ 123,659	(123,659)	-
EXCESS OF REVENUE OVER EXPENDITURES BEFORE INVESTMENT IN CAPITAL ASSETS	\$ (9,055)	9,055	-
BALANCE, END OF PERIOD	\$ 114,604	\$ (114,604)	\$ -

Statement of Cash Flows

THREE MONTHS ENDED DECEMBER 31, 2002	
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from member contributions	\$ 1,261,337
Cash paid for materials and services	(109,890)
NET CASH GENERATED THROUGH OPERATING ACTIVITIES	1,151,447
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of capital assets	(102,880)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,048,567
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,048,567

NOTES TO THE FINANCIAL STATEMENTS

I. PURPOSE OF ORGANIZATION

Used Nuclear Fuel Organization: Options Review operating as the Nuclear Waste Management Organization (NWMO) is a not-for-profit corporation without share capital, established under the Canada Corporations Act, 1970 ("the Act"), as required by the Nuclear Fuel Waste Act (Canada), 2002 ("NFWA") which came into force November 15, 2002.

The NFWA requires electricity generating companies which produce used nuclear fuel to establish a waste management organization. Under the NFWA, the NWMO must establish an Advisory Council, conduct a study and provide recommendations on the long-term management of used nuclear fuel to the Government of Canada within 3 years of the NFWA coming into force. In conducting this study the NWMO must utilize a wide-ranging public consultation process and seek the input of its Advisory Council. As part of the long-term mandate, the NWMO must implement and operate the management approach that is selected by government to address used nuclear fuel.

The NWMO formally began operations on October 1, 2002. Its founding members are Hydro-Québec, NB Power and Ontario Power Generation Inc. ("Members") – Canadian companies that currently produce used nuclear fuel as a by-product of electricity generation.

Pursuant to a Membership Agreement, the costs of the NWMO are shared pro rata by the Members based on the number of used fuel bundles owned by each Member.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are prepared by management in accordance with accounting standards for not-for-profit organizations published by the Canadian Institute of Chartered Accountants using the deferral method of reporting contributions. The significant accounting policies are as follows:

Capital Assets

Capital Assets are recorded at cost. Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Furniture	7 years
Computer equipment	3 years

Investments

Short-term investments are recorded at the lower of cost and market value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Member Contributions

Contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions received in excess of expenditures are recorded as deferred member contributions.

Income Tax

The NWMO is a not-for-profit organization and, pursuant to section 149(1)(1) of the Income Tax Act, is not subject to income tax.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying values of cash, accounts receivable and accounts payable and accruals approximate the fair values on a discounted cash flow basis because of the near term nature of these instruments.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
Furniture	\$ 26,092	\$ 932	\$ 25,160
Computer Equipment	97,567	8,123	89,444
	\$ 123,659	\$ 9,055	\$ 114,604

4. RELATED PARTY TRANSACTIONS

The following summarizes the NWMO's related party transactions with its Members for the three months ending December 31, 2002 and as at December 31, 2002:

Transactions during the period:

Contributions received and/or due from:

Ontario Power Generation Inc.	\$1,191,710
NB Power	77,662
Hydro-Québec	69,628

Products and services acquired from Ontario Power Generation:	
Office Furniture	\$ 500
Managerial Services	284,224
External Consulting Services	27,520

Balances outstanding:

Due to Ontario Power Generation (included in Accounts payable and accruals)	\$ 311,754
Due from NB Power (included in Accounts receivable)	\$ 77,662 *

* A cheque dated December 17, 2002 for this amount was received by NWMO from NB Power in early January 2003.

5. DEFERRED MEMBER CONTRIBUTIONS

Deferred member contributions represent unspent revenues for operations purposes received in the current period that are related to the subsequent period. There are no restrictions placed on these resources. Changes in the deferred contributions balance are as follows:

Beginning balance, related to operating funding	\$ -
Add: Amount received related to the following year	850,802
<hr/>	
Ending balance, related to operating funding	850,802
Investment revenue	-
Less: Amount recognized as investment income in the year	-
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Ending balance	\$ 850,802

6. COMMITMENTS

NWMO signed a 3-year sub-lease agreement for its offices at 49 Jackes Avenue, Toronto, Ontario, effective December 1, 2002. The lease provides for the first month of occupancy to be rent-free which is being amortized over the life of the lease. Annual total lease payments are \$129,627 and are subject to adjustment for cost sharing of common areas of the office that are shared with another tenant of the building and changes to operating costs over the term of the lease.

The estimated annual payments over the next five years are as follows:

2003	\$ 129,627
2004	\$ 129,627
2005	\$ 118,825
2006	-
2007	-

CONTACT INFORMATION

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