



NUCLEAR WASTE MANAGEMENT ORGANIZATION SOCIÉTÉ DE GESTION DES DÉCHETS NUCLÉAIRES

March 27, 2008

Funding Formula Expert Panel Review – NWMO's Response

The following are NWMO responses to the Panel's comments and suggestions as documented in the report.

Recommendation 1: The Panel has recommended that the current dollar costs (last updated in 2002) of construction of the disposal facility reflecting any changes in anticipated design should also be updated every five years.

Response: Agreed. The cost estimate will be reviewed and updated to reflect the latest information and design. The next revision is planned for completion no later than 2012 and every five years thereafter.

Recommendation 2: The Panel believes that the funding formula should be expanded to contemplate the inclusion of new nuclear waste producers during the period 2008 to 2035 and during the period thereafter.

Response: Agreed. NWMO has the responsibility of managing all Canadian used fuel including those that may be created by any new nuclear waste producers. The funding formula will have to be revised once the details with respect to the timing and quantity of used fuel from any new nuclear generator are available.

Recommendation 3: The Panel has recommended that, every five (5) years, a revised present value cost per bundle should be derived based on a cost sensitivity analysis with respect to the number of bundles processed.

Response: Agreed. As part of the 5-year review, the cost per bundle for future bundles will be updated to reflect any cost estimate update and changes in the number bundles processed.

Recommendation 4: The Panel has recommended that, the funding period for construction costs for the facility could be shortened to 2029 while the committed costs with respect to bundles placed in reactors up to June 30, 2006 would be funded until 2035.

Response: Based on NWMO's current projection, the Trust Funds are expected to accumulate to a total balance of \$12 billion dollars by 2029. During the period of construction from 2029 to 2035, the fund balance is subject to fund growth, additional contributions, and expenditures on the construction of the centralized facility. The average fund balance over this period is \$12.4 billion dollars. There will be more than sufficient funds available for the complete construction by 2029, hence the requirement recommended by the Panel is met.