

NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO)

**BOARD OF DIRECTORS
MEETING**

November 24, 2009

AGENDA

1. Approval of Agenda and Constitution of Meeting
2. *In Camera* Session
3. Minutes of Previous Meeting
4. Business Arising from the Previous Minutes
5. Report from the Siting Committee Meeting
6. President's Report
7. Management Reports
8. Meeting with CNSC President
9. Report from the Chair of the Independent Technical Review Group
10. Review of Proposal to Proceed with Negotiation on Contract with OPG for Design and Construction Phase of OPG's L&ILW DGR
11. Preparing for the Launch of Site Selection
12. Triennial Report
13. 2010-2014 NWMO Business Plan Approval
14. Draft 2010 NWMO Performance Objectives and Measures
15. Revised Approach to how the Funding Formula Might be Adjusted for New Build
16. Update on Radioactive Waste Owner Cooperation
17. Next Meeting
18. *In Camera* Session

Conclusion of Meeting

MINUTES
FROM THE MEETING
OF THE BOARD OF DIRECTORS OF THE
NUCLEAR WASTE MANAGEMENT ORGANIZATION (NWMO) /
SOCIÉTÉ DE GESTION DES DÉCHETS NUCLÉAIRES (SGDN)

convened in Toronto, ON
on November 24, 2009
commencing at 9:00 a.m.

Present

Gary Kugler	Director, Chair
Pierre Charlebois	Director
Donn Hanbidge	Director
Ron Jamieson	Director
Ken Nash	Director, President & CEO
Josée Pilon	Director
Deborah Poff	Director
Ian Ross	Director (via teleconference)

Regrets:

Sharon MacFarlane	Director
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Staff in attendance:

Angelo Castellan	VP Environmental Assessment & Corporate Support
Steve Cavan	Chief Financial Officer
Jo-Ann Facella	Director, Social Research & Dialogue
Mark Jensen	Director, L&ILW Repository Geoscience
Pat Moran	General Counsel and Corporate Secretary
Gillian Morris	Assistant Board Secretary
Sean O'Dwyer	VP, Human Resources
Pat Patton	Director, Aboriginal Relations
Ian Pritchard	VP, Design and Construction
Jamie Robinson	Director, Communications
Sean Russell	Director, Repository Engineering
Kathryn Shaver	VP, APM Engagement and Site Selection

Guests:

Tom Allen	Ogilvy Renault (item 2)
Albert Sweetnam	Executive Vice President, OPG
Dr. Alan Hooper	Chair NWMO Independent Technical Review Group (item 9)
Dr. Michael Binder	President, CNSC (item 8)
Mr. Peter Elder	Director General of Nuclear Cycle and Facilities Regulation, CSNC (item 8)

1. Approval of Agenda and Constitution of Meeting

Notice of the meeting having been given to all of the Directors of the Company in accordance with the by-laws and a quorum being present, the Chair declared the meeting duly constituted for the transaction of business and called the meeting to order at 9:00 a.m.

Dr. Kugler introduced Albert Sweetnam, Executive Vice President, OPG as an observer to the meeting.

The agenda for the November 24, 2009 meeting was approved.

2. In Camera Session

Management was invited to stay for Tom Allen's session on corporate governance.

Pat Moran introduced Mr. Tom Allen, who then engaged the Board in a discussion of the obligations of directors and officers owed to NWMO.

In camera, in the absence of management, the Corporate Secretary reviewed Board committee evaluations and the Board prepared for the meeting with the President of the CNSC, Dr. Binder.

3. Minutes of Previous Meeting

The minutes of the meeting of the Board of Directors held on September 22, 2009, copies having been sent to each member of the Board, were approved with minor editorial suggestions.

4. Business Arising from the Previous Minutes

Mr. Moran reviewed the outstanding actions arising from the September 22, 2009 meeting, reporting that all items were complete.

5. Report from the Siting Committee Meeting

Mr. Jamieson reported on the meeting of the Siting Committee on October 29, 2009. The meeting focused on two key issues, the feedback that the NWMO has received from public review of the proposed site selection process and the NWMO's plans and preparations for initiation of siting next year.

The Committee discussed:

- the draft siting process document and the approach to waste quantities;
- the role of the provincial governments;
- requests from municipalities for more information; and
- Aboriginal relations related to the OPG Deep Geological Repository (DGR) and its implications for APM.

The Committee concurred that the NWMO should continue to work towards the launch of the siting process by the end of the second quarter, subject to Board confirmation of readiness. The Committee discussed NWMO's resource planning in the event of a high level of community interest.

Mr. Jamieson also reported that the Committee discussed the value of an opportunity for informal discussions between the Board and the Advisory Council on the site selection process and asked management to arrange an appropriate forum.

6. President's Report

The President updated the Board on developments since the last Board meeting, including:

- the role of provincial governments in the siting process as emphasized in the dialogues on the draft siting process;
- a report on communities that have shown interest in learning more about NWMO and its process;
- work on the conceptual design and safety case for an APM DGR and pre-licensing activities with CNSC generally proceeding as planned;
- reviewing plans for how the funding formula might address new build reactors;
- the President's presentation on APM implementation before the House of Commons Standing Committee on Natural Resources on November 4;
- meetings with the Deputy Minister of Natural Resources Canada in anticipation of the launch of the siting process;
- technical work on OPG's L&ILW DGR which remains on track;
- work with Saugeen Ojibway Nation (SON);
- progress on cooperation between waste owners;
- a meeting with U.S. counterpart in the Department of Energy; and
- a meeting with U.K. counterpart.

The Board was invited to discuss the President's report. Directors discussed the ultimate approval process for APM and the need to continue to inform all political parties and provincial governments. The Board supported NWMO requesting a formal recognition of support for NWMO's siting process from provincial and federal governments.

The Board also discussed the visit by representatives of the Town of Ignace under the Learn More program and the media reports relating to the visit.

Directors also discussed the work with SON on OPG's Low and Intermediate Level Waste (L&ILW) DGR as it relates to APM.

7. Management Reports

a) APM Engagement and Social Research Report

Kathryn Shaver reported on recent activities in the engagement program including the following:

- completion of the multi-party dialogues; citizen panels; e-dialogue; national survey of public opinion;
- plans for the Saskatchewan regional information sessions;
- long term relationship building activities with Aboriginal people and Elders' participation in Aboriginal dialogues;
- briefings with municipal, provincial and federal governments; and
- communications and media relations.

b) APM Technical Program Report

Mr. Russell reported on APM's technical program, updating the Board on the following activities:

- international collaboration continues with NEA meetings;
- meetings were held to discuss progress in updating the APM repository design, development and safety case;
- the annual update of NWMO's technical program was held with CNSC staff;
- technical staff continued to support engagement activities; and
- the 2009 Report of the Independent Technical Review Group (ITRG) was submitted to the NWMO Board of Directors.

A Board member asked questions about the copper corrosion work being done in Sweden and the potential implications for APM.

c) OPG L&ILW DGR Project Report

Mark Jensen reported to the Board on activities underway in OPG's L&ILW DGR project including:

- an update on a recent meeting with SON;
- completion of the first of two inclined boreholes at the site;
- a meeting with the peer review team that will review the safety case;
- a meeting to discuss the final report of the engineering Technical Review Group;
- submission and approval of the 2010 annual work program;
- community engagement in Michigan in conjunction with OPG; and
- a visit by CNSC members to view the DGR site activities.

d) Finance & 2009 Business Plan Performance Report

Mr. Cavan reviewed the Management Cost Report with the Board, outlining each program and reporting that NWMO will be underspent at year end. Board members discussed the reasons for the negative variance which were partially related to some

delays in staff hirings, which resulted in shifts in the timing of work and underspending in the Learn More program.

e) Human Resources Report

Sean O'Dwyer provided the Board with an update on Human Resources activities including:

- union negotiations;
- staffing levels;
- training of staff related to workplace health and safety;
- management group compensation strategy; and
- training and development policy.

The Board discussed the union agreements.

f) Legal / Corporate Secretary Report

Mr. Moran reviewed the status of the Mushkegowuk judicial review application with the Board.

8. Meeting with Canadian Nuclear Safety Commission (CNSC) President

Board Chair Gary Kugler welcomed Dr. Michael Binder, President of the CNSC and Mr. Peter Elder, Director General of Nuclear Cycle and Facilities Regulation of the CNSC to the Board meeting.

Dr. Binder gave a presentation to the Board on the role of the CNSC, the commission members, its structure, and its work programs related to nuclear waste.

Mr. Nash reviewed NWMO's governance structure with Dr. Binder.

The Board discussed Dr. Binder's presentation, including the Crown's duty to consult with First Nations. Mr. Elder noted that the government cannot fully delegate its duty to consult, but can assign the proponent a role, while keeping overall responsibility to ensure consultation is adequately completed.

Ms. Shaver thanked Dr. Binder for providing CNSC staff to NWMO's dialogues. Ms. Shaver reported that a key theme arising from NWMO's recent public dialogues was the importance and the expectation of the public that the CNSC will be involved in helping the public to understand the role of the regulator at an early stage. Dr. Binder noted that he was very open to explaining the regulatory framework during NWMO's site selection process. Mr. Nash reiterated the importance of CNSC involvement during the site selection process.

9. Report from Chair of Independent Technical Review Group (ITRG)

The Board Chair welcomed Dr. Alan Hooper, the Chair of the Independent Technical Review Group (ITRG) to present the 2009 report of the ITRG.

Dr. Hooper presented the findings of the report noting that the NWMO technical program has undergone significant development in the past year. The planned program covers the full range of scientific and technical topics that are relevant to the current stage of implementation of the APM approach. The recommendations by the ITRG in 2008 have either been implemented or their implementation is underway.

The Board discussed various aspects of the report including the process for ensuring technical data is developed by properly qualified consultants, where they are used, and the need to continue work on conceptual designs for DGRs in both crystalline and sedimentary rock.

Dr. Kugler thanked Dr. Hooper for his presentation and reported that he was pleased to hear that NWMO is generally on track with its technical program and at a level comparable to that of other, similarly situated international organizations.

10. Review of the Proposal to Proceed with Negotiation of Contract with OPG for Design and Construction Phase of OPG's L&ILW DGR

Ian Pritchard reviewed a proposed approach for the design and construction phase of OPG's L&ILW DGR with the Board. Mr. Pritchard explained that the Engineering, Procurement and Construction Management (EPCM) approach would be separated into two phases – engineering and construction. He noted that this approach would require an increase in NWMO staffing and that NWMO would become the “constructor” under Ontario labour law and as such be fully accountable to health and safety on the construction site. Next steps include commencing negotiations for the Design and Construction Service Agreement with OPG, developing a project execution plan and staffing plan, and reviewing the engineering execution plan.

The Board discussed the details of the plan including:

- the degree of engineering to be conducted;
- the scope of the current agreement;
- the possible terms of the contractual arrangement for construction; and
- timelines for the proposed agreement with OPG.

The President agreed to bring a term sheet for the Design and Construction Service Agreement with OPG to a future Board meeting prior to the final agreement (*).

11. Preparing for the Launch of Site Selection

Kathryn Shaver reported that by the end of 2009 NWMO will be concluding a two-year collaborative process of designing the APM site selection process with interested organizations and individuals.

Ms. Shaver noted that management is proposing a planning framework that would see the initiation of the site selection process in May or June of 2010. Readiness assessments will be conducted with the Board, the Siting Committee and the Advisory Council during February and March. Information briefings will continue with a broad

spectrum of people, which include municipal, provincial, federal governments, and Aboriginal groups. The themes emerging from the recently completed public dialogues were reviewed with the Board.

Discussions with senior staff in NWMO member companies will be held regarding community benefits. This was identified in the public dialogues as an area that needs to be addressed and management will work to develop terms of reference for a community well-being working group.

The Board reviewed and concurred with management's proposals to:

- work towards a launch in May/June 2010;
- seek provincial and federal support for the siting process;
- initiate terms of reference for an NWMO/Members working group on community well-being;
- assemble a third party review structure; and
- seek greater involvement of CNSC.

12. Triennial Report

Ms. Shaver briefed the Board on the statutory requirement for NWMO to produce its first Triennial Report by March 2011.

Ms. Shaver noted that five of the Advisory Council appointment terms end at the end of 2010 and suggested that the Board might consider extending those terms until the Triennial Report is completed.

The Chair asked management to bring forward a recommendation regarding the terms of Advisory Council members that expire at the end of 2010 (*).

13. 2010-2014 NWMO Business Plan Approval

Mr. Nash reported that management is seeking approval of the 2010 to 2014 NWMO Business Plan. The draft plan was submitted for consideration of the Board in September. Management committed to review the plan and present cost reduction initiatives.

Mr. Cavan reviewed with the Board the cost reduction initiatives in each work program in the plan developed since the September meeting.

Board members discussed the adequacy of the APM staffing plan, given the launch of the site selection process in 2010. Directors asked management to ensure they were not assuming too large a risk to the siting program based on the proposed level of staffing. After discussion, the Board confirmed that management would have the flexibility to hire additional staff and prioritize work in APM as long as the overall financial envelope approved is not impacted.

IT IS HEREBY RESOLVED THAT:

The NWMO Board of Directors approves the 2010 five-year business plan as proposed, with management having the flexibility to adjust staffing levels as required and prioritize work, within the 2010 financial envelope for APM.

This motion was made, seconded and unanimously passed.

14. Draft 2010 NWMO Performance Objectives and Measures

Mr. Cavan proposed the draft 2010 NWMO performance objectives and measures for Board discussion and comment. The objectives will be used to track performance throughout the year and as the measure to be used in assessing overall corporate performance. The performance measures and objectives will be submitted to the Board for final approval in February 2010.

The Board had a lengthy discussion on performance targets and how they should be set. The Board discussed the need for the objectives to be reworded to describe expected outcomes more definitively and the need for target performance to be "stretch" targets. Mr. Hanbidge agreed to review and provide further information on performance planning in other organizations, which might be helpful for the upcoming Human Resources & Compensation Committee meeting (*).

15. Revised Approach to How the Funding Formula might be Adjusted for New Build

Mr. Cavan reported to the Board on progress made in the response to the request by the Minister of Natural Resources Canada for NWMO to consider how the funding formula for the long-term management of used fuel might incorporate new build reactors and potential new owners.

A proposed process to respond to the Minister's request was tabled at the June Board meeting and a modified proposal was tabled at the September Board meeting. As a result of the discussions at the September Board meeting, it is now proposed that NWMO first consult with existing NWMO members to examine if a revised and simplified formula could be developed and agreed to as a draft proposal.

Ms. Josee Pilon noted that Hydro-Québec has not agreed to change the existing funding formula and believes it should continue as is for its current 5-year term. However, Hydro-Québec will participate in discussions to look at ways that it can be simplified.

16. Update on Radioactive Waste Owner Cooperation

Mr. Nash reported that multiple discussions had been held by OPG, Hydro-Québec, NB Power, AECL and NRCAN regarding enhanced cooperation on the long-term management of low and intermediate level waste. The Board agreed that NWMO

should explore providing assistance to waste owners in the long-term management of other forms of radioactive waste where this may align with its primary mandate for used fuel.

17. Next Meeting of the Board / Committees

Upcoming Committee Meetings:

Audit, Finance & Risk Committee Meeting #5
(Conference call)
December 8, 2009 9:30 am – 12:00 pm EST

Human Resources & Compensation Committee Meeting #4
December 8, 2009 1:00 – 3:30 pm EST

Next Board of Directors Meeting:

Board of Directors Meeting #1
February 18, 2010
9:00 am – 4:00 pm EST Location: Toronto

18. In Camera Session

Board members convened a short in camera session to discuss the implications of NWMO acting as constructor for the OPG DGR project. Management was asked to bring forward information and analysis of risks and benefits for the Board's consideration. (*)

Conclusion of Meeting

There being no other business, the Chair declared the meeting terminated at 4:15 pm.

(*) Denotes actions to be taken.

Pat Moran
Corporate Secretary

Dr. Gary Kugler
Chair