

2014 July 10

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**RESTRUCTURING OF ATOMIC ENERGY OF CANADA LTD. – PHASE II
(APPLICATION FOR TRANSFER OF ELECTRICITY WHOLESALE LICENCE,
CASE NUMBER EB2014-0233)**

Further to the previous correspondence [1, 2] and a subsequent telephone conversation between Dr. Terry Arthur (AECL) and yourself (OEB) regarding restructuring of AECL, the purpose of this letter is to apply for transfer of the Electricity Wholesaler Licence, issued by the Ontario Energy Board to Atomic Energy of Canada Limited (AECL), to the newly named entity Canadian Nuclear Laboratories Limited. The timing of the required effective date for the transferred licence is 2014 November 03. However, there remains a clear requirement for the existing licence (issued to AECL) to remain valid until the Canadian Nuclear Laboratories Limited organization is operationalized (i.e., 2014 November 03).

The restructuring of AECL is prompting this licence transfer request. To provide a current restructuring outlook:

- a) AECL is currently a federal Crown corporation.
- b) In 2013 February, the Government of Canada determined that AECL's Nuclear Laboratories would be restructured to be operated under a Government-owned, Contractor-operated (GOCO) business model.
- c) The Government of Canada is leading the procurement process to engage the services of the Contractor. The process was launched on 2014 March 07 and is anticipated to conclude in approximately 18 months.
- d) On 2014 May 30, in preparation for the transition to a GOCO business model, AECL established a wholly-owned subsidiary, Canadian Nuclear Laboratories Limited, headquartered at Chalk River, Ontario.

- e) The Canadian Nuclear Safety Commission (CNSC), Canada's regulator of nuclear activities, is fully engaged in the restructuring process. Following applications being submitted by AECL to the CNSC, the various CNSC licences are expected to be transferred to the AECL subsidiary, Canadian Nuclear Laboratories Limited, effective 2014 November 03. At that point in time the vast majority of the today's AECL business, including its work, contracts, workforce and regulatory permits will be transferred to the Canadian Nuclear Laboratories Limited, and the wholly-owned subsidiary will be considered operationalized. These CNSC issued licences require the licensee to meet the regulatory requirements of other regulators/agencies (federal, provincial and municipal).
- f) In the fall, 2015, following conclusion of the procurement process, 100% of AECL's shares in the Canadian Nuclear Laboratories Limited will be transferred to the chosen Contractor and at this moment the GOCO business model will take immediate effect.

AECL emphasizes that except for the name of the organization, all previous information provided to the Ontario Energy Board with respect to its licence remains unchanged. The headquarters address of the Canadian Nuclear Laboratories Limited is and will continue to be: 1 Plant Road, Chalk River, Ontario, K0J 1J0.

As per section 18 (2) of the Ontario Energy Board Act, Part II [3] AECL respectfully requests that the licence, currently issued in the name of AECL, shown in Table 1, be transferred to Canadian Nuclear Laboratories Limited by 2014 October 17, with an effective date of 2014 November 03.

Table 1: List of Licences Issued to AECL

Licence	Licensee	Expiry Date
Electricity Wholesaler Licence EW-2012-0449	Atomic Energy of Canada Limited	2017 December 05

AECL wishes to have the proceeding disposed of without a hearing and confirms that "no person, other than the licence holder will be adversely affected in a material way by the outcome of the proceeding and the licence holder has consented to disposing of the proceeding without a hearing."

If you should have any questions or concerns, please contact Dr. Terry Arthur, Regulatory Affairs Branch Manager at 613-584-3311, Ext. 48021, arthurt@aecl.ca.

Sincerely,



Shaun Cotnam
Senior Director, Compliance

References:

- [1] S. Cotnam, Letter to A. Pye, *Restructuring of Atomic Energy of Canada Ltd.-Phase II*, 145-ACXX-13-0121-L, 2013 May 24.
- [2] S. Cotnam, Letter to K. Walli, *Restructuring of Atomic Energy of Canada Ltd.-Phase II*, 145-ACXX-14-0109-L, 2014 July 03.
- [3] Ontario Energy Board Act, 1998.

c.	T. Arthur	S. Bushby	T. Chiasson	C. Fahey
	F. Guindon	R. Lesco	K. Smith	B. Wardlaw
	G. Yaraskavitch			
	C. Carrier (CNSC)	D. Newland (CNSC)	S. Quinn (NRCan)	>CR Licensing

