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Please find attached comments on the draft of REG DOC 3.3.1 Financial Guarantees.



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Comments on draft of REG DOC 3.3.1 Financial Guarantees

I approach this draft document from the perspective of one primarily concerned about the long-term monitoring and maintenance requirements for decommissioned uranium mine/mill sites under Institutional Control.

It is reassuring to see (Section 10) that “costs to be included” include “long-term monitoring and maintenance of the site and institutional control (if applicable)”.

What is problematic is the concept of “long-term”. In dealing with old uranium mining areas – and doubtless with other radioactively contaminated sites – we are talking about time frames of centuries and millennia. As an example, a current request to remove a Beaverlodge property from CNSC licensing includes a requirement to replace a mine-opening cover in 1200 years. There are also requirements to conduct monitoring activities every 75 years (with no end-date).

In this particular case, an attempt has been made to project inflation rates and expected rate of return on investments based on recent short-term experience, leading to what look like extremely unreliable conclusions. So while the statement in Section 14 of the REG DOC that “Licencees must factor in inflation to ensure that there are sufficient funds reserved even when consideration for price increases is factored in”, and that “In cases where funds are invested, the expected rate of return that will be earned by the funds over time must be estimated” are appropriate, it is inconceivable that such estimates for a period of 1000 years – or even 75 years – can be considered meaningful. In fact, there is sufficient uncertainty about the economic and regulatory future (as noted in Section 13.5) that any projections of societal capacity for very long-term monitoring and maintenance must be regarded as very dubious.

I also raise a question about the statement in Section 4.6 that “Expressed commitments from a Canadian federal, provincial or territorial government may be acceptable financial guarantee instruments if used to cover all otherwise underfunded aspects of decommissioning”. The wording continues, “Expressed commitments from a Canadian provincial government are



restricted to guarantees over which the federal government has rights of offset with respect to transfer payments as a method to enforce the guarantee." There seems to be too much vagueness here. For example, if a province's entitlement to transfer payments changes (i.e. a have-not province becomes a have province), the federal government loses its ability to enforce the guarantee. Moreover, it is not unknown for governments to back away from previously expressed "commitments", so it is unclear how we can be sure that such commitments will be honoured.

All of which leads me to the conclusion that we must be very careful not to allow "financial guarantees" to become a substitute for very thorough remediation before a site is considered to be decommissioned. Sites that will require on-going care and restrictions for hundreds or thousands of years are not truly decommissioned.

Submitted by
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