In the past decade, cutbacks, the disposition of the Government of Canada's (the "Government") nuclear assets, and privatization of government-owned nuclear companies, as well as the absence of a clear, long-term strategy for nuclear in Canada, indicated a lack of real support by the Government for our nuclear industry. This lack of interest and support, and its impact, reverberated throughout Canada's nuclear supply chain. The tide is turning, based on a number factors, particularly the planned activities at the Chalk River Laboratories in respect of small modular and advanced nuclear reactors. The nuclear industry was unanimous earlier this month in its positive reception of the Government's long-awaited response to the recommendations of the Standing Committee on Natural Resources (the "Committee") submitted by James Maloney, federal Member of Parliament and Chair of the Committee, this past June. In its report, "The Nuclear Sector at a Crossroads" (the "Report"), the Committee focused on research and innovation, regulatory and safety practices, leadership in nuclear power generation, and the development and commercialization of nuclear technologies.

The Government's response reaffirms its renewed support for nuclear energy and reflects positively on the future of the Canadian nuclear sector. In the response, the Government agreed with all seven recommendations, as further detailed below, proposed by the Committee, and the Government committed itself to providing greater stewardship to support a strong and safe nuclear sector. Citing the importance of a low-carbon future, the response recognized that nuclear energy is an important part of Canada's clean energy mix.

Standing Committee on Natural Resources' Report
The Committee's findings are based on evidence from a wide range of experts from industry, government, academia, and civil society. The Report is organized according to the following four themes, briefly summarized:

1. Governance, Safety, Waste Management

The focus was areas of improvement for Canadian Nuclear Laboratories ("CNL"), updates on security and safety measures for nuclear power plants, and ongoing waste management projects within the sector.

2. The State of the Nuclear Energy Industry in Canada and Abroad

The importance of Canada's nuclear power generation to the country's domestic electricity mix was a key highlight, noting that strategic investments will create thousands of new jobs over the next couple decades. Discussing public confidence in nuclear energy, note was made that the vast majority of citizens have little interest in nuclear matters. Reactor technologies, both new and next generation, and their potential benefits for Canada were outlined.

3. The Future of Canadian Nuclear Research and Development

The challenges facing Canadian research and development ("R&D") were detailed, primarily based on the impending closure of one of the country's large research reactors in 2018 - the nearly 60-year-old National Research Universal ("NRU"). Industry experts impressed the need for long-term investment in nuclear R&D and presented several proposals to supplant the closure of the NRU next year.

4. Recommendations to the Government of Canada

The Committee's recommendations, based on the evidence presented to it, were broad in focus, acknowledging the importance of continued Canadian leadership in the nuclear sector. At a high-level, recommendations included safety in the nuclear sector, support for Canadian nuclear R&D, commercialization of technologies at home and abroad, advancing Canadian leadership in nuclear power, improving expertise, development of small modular reactors ("SMRs"), and the establishment of a "nuclear innovation council".

Specifically, the Committee recommended that:

1. the Government works with industry, Indigenous communities, provincial/territorial governments, and international partners to ensure that Canada's nuclear sector continues to advance its rigorous regulatory and safety practices;
2. the Government continues its support for Canadian nuclear R&D and innovation;
3. the Government continues to support the development and commercialization of Canadian nuclear technologies in Canada and abroad;
4. the Government continues to work with industry, Indigenous governments and communities, provincial/territorial governments, as well as international partners to promote and advance Canadian leadership in nuclear power generation technologies at home and abroad;
5. the Government works in collaboration with industry, the academic community, Indigenous governments and communities, and provincial/territorial governments to sustain and improve Canadian expertise in the nuclear sector;
6. the Government continues to support the development of small modular reactors (SMRs), recognizing the potential for SMRs to provide clean and reliable power to remote and northern communities and open new areas to economically valuable resource development; and
7. the nuclear industry, along with academia and innovators, establishes a nuclear innovation council with representatives from the federal and provincial governments to leverage non-power applications (e.g., for health care, agriculture, manufacturing, etc.) of the nuclear sector for national benefit.

Government of Canada Response to Recommendations

In its response, the Government endorsed the bright future of Canada’s nuclear industry and its important role, both domestically and internationally, and agreed with all of the Committee’s recommendations. The Government stated that the nuclear industry is "an important part of Canada’s clean energy and climate change initiatives, and beyond energy, the nuclear sector contributes to a wide range of other scientific and economic activities, such as medicine, human health and safety, material testing, food safety, even space exploration."[7]

Significantly, and in response to the recommendation six, the Government committed to use its convening power to start a dialogue, starting with provinces, territories and utilities, aimed at the development of a Canadian road map for SMRs, aimed at lowering the initial financing cost of a nuclear power plant and in supplying electricity to smaller grids, such as those in northern and/or remote areas. The Government also approved the formation of a nuclear innovation council, comprised of representatives from both the federal and provincial governments. The council is envisioned to be a means of collaboration in
promoting both power and non-power applications of nuclear expertise and technologies for the benefit of the country as a whole.

**The Future of Nuclear and Small Modular Reactors in Canada**

Canada's approximate 10 percent share of the nuclear energy market may not sound like much, but in such a large and growing market, for a country that is less than 1.5 percent of the world economy, this amount is noteworthy. The Government's response is a positive indicator of Canada's potential to return to its nuclear prominence, where Canada was one of the top civilian nuclear power countries in the world, exporting its CANDU technology and completing international projects on time and on budget.

Both the Committee's Report and the Government's response are timely, considering the recent call for Expressions of Interest ("EOIs") and summary issued by CNL. The objective of the EOI was to initiate a conversation about the potential interest in an SMR industry in Canada and to understand better the role CNL can play in bringing SMR technology to market. Based on the 80 submissions from organizations and individuals from around the world, CNL believes there is consensus that the establishment of an SMR industry in Canada would lead to economic benefit for the country, including increases in job growth, federal tax revenues, and foreign investment. The EOI summary also indicated that respondents believed that the development and deployment of SMRs align with Canada’s commitment to combat climate change, that SMR concepts were considered an attractive solution for remote off-grid communities and industries operating in remote locations, and that SMRs have the potential to offer enhanced safety (relative to current nuclear reactors in operation).

The results of the Standing Committee's Report and the Government's response, along with clear industry support, suggests that it is an opportune time for Canada to make real progress in the realm of SMRs. While challenges regarding funding and longer-term political support are a reality, these recent developments are all extremely positive for the nuclear industry.

Gowling WLG is watching these developments closely and has the expertise to enable our clients to take advantage of these important advances in the nuclear energy sector now and into the future. For further information about these developments, contact Paul Murphy at paul.murphy@gowlingwlg.com.
Related

https://www.ppforum.ca/sites/default/files/TO%20workshop%20summary%20report%20-%20FINAL.pdf


NOT LEGAL ADVICE. Information made available on this website in any form is for information purposes only. It is not, and should not be taken as, legal advice. You should not rely on, or take or fail to take any action based upon this information. Never disregard professional legal advice or delay in seeking legal advice because of something you have read on this website. Gowling WLG professionals will be pleased to discuss resolutions to specific legal concerns you may have.

Related   Energy

Authors

Magdalena Hanebach
Associate - Toronto
<table>
<thead>
<tr>
<th>Email</th>
<th><a href="mailto:magda.hanebach@gowlingwlg.com">magda.hanebach@gowlingwlg.com</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone</td>
<td>+1 416-814-5611</td>
</tr>
<tr>
<td>vCard</td>
<td>Magdalena Hanebach</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Email</th>
<th><a href="mailto:joseph.mcdonald@gowlingwlg.com">joseph.mcdonald@gowlingwlg.com</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone</td>
<td>+1 416-862-5449</td>
</tr>
<tr>
<td>vCard</td>
<td>Joseph McDonald</td>
</tr>
</tbody>
</table>