

ITER Canada

Office of the Chairman & CEO

Suite 2001, 1 Yonge Street, Toronto, Ontario, Canada M5E 1E5
Telephone 416-203-7251 Fax 416-203-7936
peter@itercanada.com www.itercanada.com

Mr. Mitsos
Directorate General Research
European Commission

June 7, 2001

Prof. Vladimir G. Vinogradov
First Deputy to the Minister
Russian Federation Ministry for Atomic Energy

Mr. S. Nakazawa
Atomic Energy Bureau
Science and Technology Agency, Japan

Cc: Dr. E. Velikhov
Dr. R. Aymar



Members

AMEC Inc.
Acres International Ltd.
BFC Construction Corporation
Canadian Labour Congress
Canadian Nuclear Society
Canadian Nuclear Utility Services
Canadian Nuclear Workers Council
Canatom NPM Inc.
Ernst & Young
Macdonald Dettwiler Space and Advanced Robotics
Marsh Canada Limited
Municipality of Clarington
Ontario Building & Construction Trades Council
Ontario Power Generation
Osler, Hoskin & Harcourt
Royal Bank Financial Group
Weber Shandwick International
SNC Lavalin Group Inc.
Université du Québec - INRS
University of Saskatchewan
University of Toronto
Wardrop Engineering Inc.

Dear Gentlemen,

It is with great pleasure that I present a formal Plan to Host Iter in Canada. Its purposes are to:

- Show how Iter can be successfully implemented at the Clarington site in Canada,
- Define the Canadian host obligations and demonstrate to the Iter Parties how these will be provided,
- Outline the principal terms and conditions that Iter Canada will need in its agreements with the Iter Legal Entity, and in the Joint Implementation Agreement,
- Describe the details of our technical proposal, proposed project schedule and organization, and the approach to licensing the Clarington site to commence Iter construction,
- Describe the main features and benefits to all the Iter Parties of our Plan to host Iter.

Before discussing the document in detail, I would like to first outline our understanding of where we go from here towards finalizing the agreements needed before Iter construction begins. I would also like to emphasize the importance of moving ahead to a site decision as soon as possible, followed later by the decision to construct. Next is a summary of each section of the document. This letter then concludes with a specific proposal on steps to be taken to start communicating our Plan to host Iter, leading to negotiations on the details of the Iter Joint Implementation Agreement, and culminating in the specifics of the Iter Canada final bid.

ITER Canada

Office of the Chairman & CEO

Suite 2001, 1 Yonge Street, Toronto, Ontario, Canada M5E 1E5

Telephone 416-203-7251 Fax 416-203-7936

peter@itercanada.com www.itercanada.com

Necessary Steps for Finalizing Agreements

To develop this Plan to Host Iter, Iter Canada has had to make a number of technical and financial assumptions based on the existing Iter design for a generic site as well as to the content of the Joint Implementation Agreement. It is recognized by all the Iter Parties that a firm financial offer cannot be submitted until (1) the Iter design has been adapted to the Clarington site, and (2) through the process of negotiation, now planned for the next year or more, the terms of the Joint Implementation Agreement are much clearer. Once these two activities are completed, then a firm offer can be prepared, including all financial and other terms. This final offer will need to be approved by the Canadian and Provincial governments, the boards of the members of the Iter Canada Construction Consortium who will be absorbing significant private sector risks, and the Board of Iter Canada itself. The overall Iter schedule calls for final approvals likely to be required sometime in 2002.

For these reasons, the Plan to Host Iter presented in these documents cannot represent a firm commitment by Iter Canada nor our Canadian and Ontario government supporters. Neither can either the government or Iter Canada guarantee that the assumptions made in this Plan will prove valid as the development of the Iter project and the negotiations proceed. The purpose of this document is to satisfy the Iter requirements for a site offer to begin the necessary negotiations that could lead to such a final firm offer with all the expected and necessary approvals.

This Plan contains all the elements of a final, firm bid to site Iter at Clarington, with the exception of the detailed financial terms, which can only be completed when the Iter generic design has been adapted to our site, thus enabling detailed cost estimates to be made. This site specific design work is also required to advance the licensing of Iter at Clarington. As well, negotiations need to take place to finalize the Joint Implementation Agreement, which will include terms critical to our final bid. Once these matters have been completed, we will be in a position to obtain final approvals from our governments and Iter Canada members and secure the financial commitments needed to sign the Joint Implementation Agreement and associated commercial contracts to begin construction.

This document contains our suggestions on the approach and timing of various negotiating steps that will be needed. Critical to this process will be the step when a “preferred site” will be selected for in-depth analysis. It is only at this time that we believe it is appropriate and justifiable to make the investments needed to completely adapt the generic design to the Clarington site and finalize our detailed bid, including all financial terms. Furthermore, while the licensing process for construction of Iter at Clarington has now commenced, and the environmental assessment is underway, significant investment in this process will only begin when Clarington is declared the preferred site. Licensing is very much on the critical path to a prompt start to Iter construction.



Members

AMEC Inc.

Acres International Ltd.

BFC Construction Corporation

Canadian Labour Congress

Canadian Nuclear Society

Canadian Nuclear Utility
Services

Canadian Nuclear Workers
Council

Canatom NPM Inc.

Ernst & Young

Macdonald Dettwiler Space
and Advanced Robotics

Marsh Canada Limited

Municipality of Clarington

Ontario Building & Construction
Trades Council

Ontario Power Generation

Osler, Hoskin & Harcourt

Royal Bank Financial Group

Weber Shandwick International

SNC Lavalin Group Inc.

Université du Québec - INRS

University of Saskatchewan

University of Toronto

Wardrop Engineering Inc.

ITER Canada

Office of the Chairman & CEO

Suite 2001, 1 Yonge Street, Toronto, Ontario, Canada M5E 1E5
Telephone 416-203-7251 Fax 416-203-7936
peter@itercanada.com www.itercanada.com

Our plan shows the decision on the preferred site for Iter being made in late 2001 or at the latest, the first quarter of 2002. With this step completed, we anticipate that the Joint Implementation Agreement can be completed by the end of 2002 as anticipated by the Iter Parties, enabling the start of Iter construction in 2003.

As many people have stated, the private sector involvement in the Iter Canada Plan to host Iter would bring a significant benefit to the project and would be a first for the building of international research facilities. We hope to bring the private sector discipline of commercial contract terms and strict adherence to effective construction scheduling and organization to help the Iter Parties to successfully implement this project on schedule and on budget.

A huge added benefit of the industrial approach taken by Iter Canada is that the prime contractors for the construction of the Iter buildings and infrastructure have already been selected. Along with our licensing initiatives, this is a critical element in making mid 2003 a realistic start of construction for Iter.

Summary of this Document

The document is organized under a total of 14 sections, the first being this letter and summary. The following summarizes the remaining sections:

Section 2: Introduction: The comprehensive Iter Canada Plan to host Iter presented in this document is a direct result of the encouragement from the Iter Parties, following the submission in December 1999 of an Expression of Interest to host Iter. Iter Canada strongly believes an early decision to select a site and implement the construction of Iter is in the best interests of all the Iter Parties. Iter Canada and its predecessors have a long and successful history in supporting the development of fusion technology, including supporting the Joint Central Team, and is fully confident Iter can be successfully implemented at the Iter Canada Clarington site, with the support and commitments of the Iter Canada corporate and union members.

Section 3: The Iter International Agreements: A detailed implementation structure is proposed that accommodates the current intentions of the Iter Parties with respect to the requirements of the Joint Implementation Agreement. The Iter Canada Plan includes the relationship between the Iter Legal Entity and the Iter Parties, with an emphasis on the special relationship with the Host, including the concept of a Host Services Contract.

The Iter Canada Plan would give to the Iter Parties and the Iter Legal Entity necessary privileges and rights to ensure a successful implementation and operation of Iter in Canada.

Section 4: The Negotiation Process: Iter Canada participated in the Exploration discussions as a technical expert to the European Union, but with the



Members

AMEC Inc.

Acres International Ltd.

BFC Construction Corporation

Canadian Labour Congress

Canadian Nuclear Society

Canadian Nuclear Utility
Services

Canadian Nuclear Workers
Council

Canatom NPM Inc.

Ernst & Young

Maccdonald Dettwiler Space
and Advanced Robotics

Marsh Canada Limited

Municipality of Clarington

Ontario Building & Construction
Trades Council

Ontario Power Generation

Osler, Hoskin & Harcourt

Royal Bank Financial Group

Weber Shandwick International

SNC Lavalin Group Inc.

Université du Québec - INRS

University of Saskatchewan

University of Toronto

Wardrop Engineering Inc.

ITER Canada

Office of the Chairman & CEO

Suite 2001, 1 Yonge Street, Toronto, Ontario, Canada M5E 1E5
Telephone 416-203-7251 Fax 416-203-7936
peter@itercanada.com www.itercanada.com

submission of this Plan to the Iter Parties, will become accepted as a full Participant as agreed in the final Explorers' Report. Iter Canada proposes a seven step negotiating process, including well defined timelines, that can lead to construction of Iter beginning in early 2003. The proposed process includes site specific design and licensing work proceeding in parallel with the Joint Implementation Agreement negotiations.



Members

AMEC Inc.
Acres International Ltd.
BFC Construction Corporation
Canadian Labour Congress
Canadian Nuclear Society
Canadian Nuclear Utility Services
Canadian Nuclear Workers Council
Canatom NPM Inc.
Ernst & Young
Macdonald Dettwiler Space and Advanced Robotics
Marsh Canada Limited
Municipality of Clarington
Ontario Building & Construction Trades Council
Ontario Power Generation
Osler, Hoskin & Harcourt
Royal Bank Financial Group
Weber Shandwick International
SNC Lavalin Group Inc.
Université du Québec - INRS
University of Saskatchewan
University of Toronto
Wardrop Engineering Inc.

Section 5: Technical Scope of the Plan: The Plan defines the specific technical scope of supply that Iter Canada will provide to the Iter project, based on extensive site specific design work that has already been conducted for the Clarington site. For the Construction Phase, the Iter Canada commitment includes providing the physical site, on-site and off-site supporting infrastructure, and a defined package of "non-transportable" items. The Iter Canada Plan also offers to the Iter Parties, on a preferred contractual basis, a number of options to take advantage of special Canadian technical capabilities and low manufacturing and construction costs (eg. remote handling components, tritium handling systems, Canadian procurement services of common element scope, and off-shore supplied equipment installation). During the Operating Phase, the Iter Canada Plan includes the provision of Canadian scientists and direct support of the ongoing operations of Iter.

Section 6: The Project Schedule and Organization: The Iter Canada Plan includes a comprehensive project organization and schedule for the Construction Phase for implementing Iter at Clarington. The detailed plan presented is based on the collective global experience of Iter Canada's Engineering and Construction Consortium member companies in successfully executing projects of similar size and complexity. While less defined, the Iter Canada Plan also discusses the Operating Phase, Deactivation Phase, and Decommissioning Phase organizations.

Section 7: Licensing of Iter in Canada: Based on the existing Canadian regulatory regime which includes fusion, the knowledge and expertise within Iter Canada, the Iter Canada plan for licensing of Iter at Clarington, discussions with the Canadian regulators, and the work done to date by Iter Canada and the Joint Central Team, Iter Canada is fully confident that a license can be obtained for Iter at the Clarington site. The Iter Canada Plan assumes the licensing process now underway will continue throughout the negotiations period, to give assurance to all the Iter Parties prior to the receipt of the license and the ratification of the Joint Implementation Agreement, that Iter can be built and operated in Canada. Iter Canada believes that Canada provides the most attractive licensing environment in the world today for a fusion facility.

Section 8: Socio-Economic Benefits Package: Iter must be located at a site that can offer not only the best technical location for the facility, but also a site that gives Iter the best place for the world's experts to come to advance the quest for fusion energy, surrounded by a community that embraces and welcomes the

ITER Canada

Office of the Chairman & CEO

Suite 2001, 1 Yonge Street, Toronto, Ontario, Canada M5E 1E5

Telephone 416-203-7251 Fax 416-203-7936

peter@itercanada.com www.itercanada.com

project and its people. Canada, Toronto and the Clarington site provide such a home for Iter. The location offers excellent housing choices, educational flexibility (include the International Baccalaureate program), exceptional health care benefits and facilities, employment opportunities for spouses, and one of the world's finest cultural and recreational environments.



Members

AMEC Inc.

Acres International Ltd.

BFC Construction Corporation

Canadian Labour Congress

Canadian Nuclear Society

Canadian Nuclear Utility
Services

Canadian Nuclear Workers
Council

Canatom NPM Inc.

Ernst & Young

Macdonald Dettwiler Space
and Advanced Robotics

Marsh Canada Limited

Municipality of Clarington

Ontario Building & Construction
Trades Council

Ontario Power Generation

Osler, Hoskin & Harcourt

Royal Bank Financial Group

Weber Shandwick International

SNC Lavalin Group Inc.

Université du Québec - INRS

University of Saskatchewan

University of Toronto

Wardrop Engineering Inc.

Section 9: The Financial Arrangements for Canada Hosting Iter: Iter Canada has prepared a business plan, with an associated financial plan, based on available information from the Joint Central Team and other Iter sources. The proposed innovative Iter Canada financial plan combines government and private funds, plus in-kind contributions, throughout the Construction Phase and the Operating Phase and provides all the necessary financial resources required to host Iter. The Plan presented also accommodates changes in scope and short and long term delays and/or accelerations in the Iter Project schedule during the Construction Phase.

Section 10: Compliance with the Iter Site Requirements and Site Design Assumptions: A basis for analyzing the suitability of the Clarington site and the Iter Canada Plan, especially compared with other offers or potential offers, is the Iter Council approved document - "ITER FEAT – Site Requirements and Site Design Assumptions", ITER Meeting, Tokyo, January 2000, which has also been embodied into the draft Iter Final Design Report. Iter Canada agrees with these criteria and assumptions as defined and agreed to by the Iter Parties. For essentially all these criteria, the conditions at the Clarington site are more favourable than defined in the agreed upon Iter site requirements and assumptions.

Section 11: Exploiting the Technological Impacts of Iter: The Iter project can give the Iter Parties additional on-going, and perhaps shorter term benefits. Iter Canada proposes a number of actions to maximize the flow of technological benefits from the investment that will be made in Iter. These benefits include research training, new product development, product improvements, software development, spin-off businesses, and new technology linkages and networks.

Section 12: The Advantages to the Iter Parties of Canada Hosting Iter: There are seven over-riding advantages to the Iter Parties of siting Iter at Clarington:

- ❑ No need to transport tritium outside of nuclear regulated facilities, nor any need to return activated components to non-host parties;
- ❑ Canada is a very attractive location for the world's scientists and their families;
- ❑ Iter Canada believes an early decision to locate Iter at Clarington gives the greatest chance for the US to re-join Iter;

ITER Canada

Office of the Chairman & CEO

Suite 2001, 1 Yonge Street, Toronto, Ontario, Canada M5E 1E5

Telephone 416-203-7251 Fax 416-203-7936

peter@itercanada.com www.itercanada.com



- Canada is the natural common site for all the Parties to enjoy the benefits of Iter;
- The Clarington site meets or exceeds all the Iter technical requirements;
- The licensing environment in Canada is favourable; and
- Siting Iter at Clarington will bring major financial savings to the Iter Parties compared to other sites.

Section 13: Conclusion to Canada's Plan to Host Iter: Based on the Iter Canada Plan to host Iter, and the associated benefits to the Iter Parties, Iter Canada looks forward to discussing its Plan, and commencing the negotiation process immediately.

Section 14: Attachments: Iter Canada and its member organizations are committed to promoting fusion technology and the successful implementation of Iter. Through its Communications Program, Iter Canada has established an award winning web site (www.itercanada.com), plus audio visual and educational materials to ensure all stakeholders, including the public and media, fully understand fusion and what Iter can bring to the world. Iter Canada is pleased to be able to provide these to all the Iter Parties.

Beginning Negotiations

Iter Canada believes that this Plan, together with the accompanying letter of transmittal from the Government of Canada, constitutes the necessary conditions for Canada to become a participant in the negotiation process and Coordinated Technical Activities. Accordingly, our team is prepared to commence discussions as soon as is practical, and certainly we do not want to wait until other site offers have been received. The Government of Canada will be leading the negotiating team to determine the terms and conditions that will be the basis for the Joint Implementation Agreement.

As a first step, we have prepared a group of seminars to describe and discuss the details of our Plan to Host Iter with teams from Japan, the European Union and the Russian Federation. The seminars include:

- A comprehensive tour and a presentation on the Clarington site including the technical attributes of the site, surrounding infrastructure and site specific layout for accommodating Iter. This will also include a workshop on the socio-economic attributes of the Greater Toronto Area to begin to define the individual Iter Parties' requirements, such that Iter Canada can customize an appropriate package to meet special needs of each Party.

Members

AMEC Inc.

Acres International Ltd.

BFC Construction Corporation

Canadian Labour Congress

Canadian Nuclear Society

Canadian Nuclear Utility
Services

Canadian Nuclear Workers
Council

Canatom NPM Inc.

Ernst & Young

Maccdonald Dettwiler Space
and Advanced Robotics

Marsh Canada Limited

Municipality of Clarington

Ontario Building & Construction
Trades Council

Ontario Power Generation

Osler, Hoskin & Harcourt

Royal Bank Financial Group

Weber Shandwick International

SNC Lavalin Group Inc.

Université du Québec - INRS

University of Saskatchewan

University of Toronto

Wardrop Engineering Inc.

ITER Canada

Office of the Chairman & CEO

Suite 2001, 1 Yonge Street, Toronto, Ontario, Canada M5E 1E5

Telephone 416-203-7251 Fax 416-203-7936

peter@itercanada.com www.itercanada.com



Members

AMEC Inc.

Acres International Ltd.

BFC Construction Corporation

Canadian Labour Congress

Canadian Nuclear Society

Canadian Nuclear Utility
Services

Canadian Nuclear Workers
Council

Canatom NPM Inc.

Ernst & Young

Macdonald Dettwiler Space
and Advanced Robotics

Marsh Canada Limited

Municipality of Clarington

Ontario Building & Construction
Trades Council

Ontario Power Generation

Osler, Hoskin & Harcourt

Royal Bank Financial Group

Weber Shandwick International

SNC Lavalin Group Inc.

Université du Québec - INRS

University of Saskatchewan

University of Toronto

Wardrop Engineering Inc.

- A one-day workshop on private sector financing techniques and principles as applied to international private/public sector partnerships. This will also include discussions on insurance and risk management of large projects. The workshop will be led by Iter Canada member companies experienced in public/private sector financing of large international projects.
- A workshop to fully present the licensing process that we have initiated for the Iter project in Canada. This is needed due to the complexity, and the differences in the Canadian licensing process, compared with other countries. The seminar will include the participation of representatives of the Canadian Nuclear Safety Commission and Canadian Environmental Assessment Agency.
- A workshop to define the various site specific design changes proposed by Iter Canada to adapt the design to the Clarington site, and also on project scheduling using Primavera.

We propose conducting these seminars as soon as possible in Toronto so that the attendees can visit the Clarington site, meet the political supporters and members of the Iter Canada team (including the heads of the companies comprising our Construction Consortium) and experience the Toronto quality of life.

We also propose to work with Dr. Aymar and the Joint Central Team/International Team as soon as possible to begin to work together on how the Iter generic design can be adapted to the Clarington site. As well, we wish to discuss several areas where our engineers and construction experts have proposals for cost savings through design adjustments as presented in our Plan.

We are ready to host Iter and are eager to proceed expeditiously with the Iter Parties to begin the discussions.

Much remains to be done. It is critical to continuing international support that Iter progresses to final decisions. It is also important that the Joint Central Team resources and other expertise around the world are not dissipated, but rather used to ensure adherence to the design strategy for Iter.

Respectfully submitted

Dr. Peter Barnard
Chairman and CEO
Iter Canada