

SECTION 4: ITER CANADA PLAN TO HOST ITER

THE NEGOTIATION PROCESS

4.1 INTRODUCTION

Canada has participated through Iter Canada as a Technical Expert to the European Delegation throughout the Exploration process. This included participation at both the Sub-Group (SG) and Exploration (EX) meetings. The Exploration process was established by the Iter Parties to define the Joint Implementation Agreement framework, the negotiation process for siting Iter, and to establish the Coordinated Technical Activities agreement that will follow on from the end of the Engineering Design Activities agreement after July 21, 2001.

At the EX-3 in Sorrento, October 4-6, 2000, one of the high priority actions initiated was to determine the sequence of events and the modalities for initiating and conducting negotiations, including the possibility of participation by qualified third countries. This includes a decision that these negotiations are to commence without undue delay once an offer to host Iter is received. The Explorers instructed that this plan be established by the Sub-Group at its final meeting (SG-4, November 15-17, 2000, Tokyo), for review and approval at the final Exploration Meeting (EX-4, December 7-8, 2000, Tokyo). This was accomplished, and is the plan incorporated in the final Exploration Report.

Iter Canada considers that this was a major step forward from the discussions that previously centred only on the Coordinated Technical Activities and the Joint Implementation Agreement frameworks.

More recently, resulting from informal consultations between the Iter Parties following the Iter Council meeting held in Toronto in February 2001, actions were put in place to prepare for the first meeting of the Negotiators at the time of the next Iter Council meeting, planned for June 7-8, 2001 in Moscow. As the time of this Plan document being finalized, the plans for the first meeting of the Negotiators are well developed, and it is anticipated that this Plan to Host Iter will be presented in Moscow on June 7, 2001.

This Section of the Iter Canada Plan will provide to the Iter Parties a logical sequence of events, with specific milestones and time-lines, to arrive at a host site selection, and a construction start date in 2003. This proposal is different in several ways to that recommended in the Final Exploration Report, specifically:

- The Negotiators identify a “preferred” site by late 2001 or the first quarter of 2002 at the latest, based on the merits of the offers and an established selection criteria;
- Substantive site specific engineering proceeds only on the preferred site, and
- Formal licensing is initiated in early 2001.

Iter Canada has been submitting draft agendas for a full series of Negotiation meetings from June 2001 through to December 2002, that provide the lowest risk process to ensure the target date of December 2002 for a final Joint Implementation Agreement is achieved. Fundamental to that schedule is the selection of the preferred site well before March 2002.

Iter Canada is fully aware of the difficulties of making a site selection, having gone through a similar process in choosing the Canadian site to be included in this Plan to Host Iter. The Iter Canada process included the full and open participation of the host communities, and utilized many of the same criteria that will be used by the Iter Parties to select a host site. One of the drivers within Iter Canada to make the site selection as early as possible, was to be able to move forward with a definitive plan for the Iter project, and to maintain the strong support from all the Canadian stakeholders in Iter. Iter Canada believes unnecessary delays are the primary risk of the Iter project never coming to fruition. Iter Canada would be most pleased to review the site selection process it used with the Iter Parties early in the negotiation process.

4.2 THE PROPOSED NEGOTIATING PROCESS

Iter Canada, based on this Plan to Host Iter, proposes the following steps and actions that should lead to a siting decision and a definitive agreement for hosting Iter. This includes the Iter Joint Implementation Agreement to support a siting decision in favour of the Clarington site. However, the proposed process also accommodates the receipt by the Iter Parties of multiple offers to host Iter, and negotiations on more than one potential site offer.

This process can be broken down into steps as follows:

Step 1: Prepare the outline of the legal framework, ie, the Joint Implementation Agreement, for Iter: This overall international agreement will define the commitments by all the Participants during all phases of the Iter implementation, ie. Construction Phase, Operating Phase, Deactivation Phase, and Decommissioning Phase (see Section 3 for details).

Supporting work:

- Reach a common understanding on the outline of the draft legal framework for the Iter implementation Agreement by the end of 2000.
- Reach agreement on the terms of reference for the Coordinated Technical Activity.

Estimated duration: Completed through Explorer process at the end of 2000.

Step 2: Draft the detailed legal framework for implementation of the complete Iter project, ie. Construction Phase, Operating Phase, Deactivation Phase, and Decommissioning Phase:

Supporting work:

- Continue joint discussions leading to common acceptance of the final Joint Implementation Agreement document describing the legal framework.

Estimated duration - 12 months starting in June 2001, but the first complete working draft of the Joint Implementation Agreement should be completed in the first 6 months.

Step 3: Submissions of the initial site offers and review by Participants:

Supporting work:

- Includes the tabling of offer(s) supported by domestic governments, describing intended contributions by the host, approach to financing, validity of support if selected, approach to licensing, proposed terms and conditions, etc.
- Establishment of an Iter Parties/Participants negotiating team to commence the review of the offers.
- Domestic review and analysis of the offer by the participants.

Expected duration: 2/3 months per offer, in parallel with Step 2 above, but all offers must be received well before the end of 2001.

Step 4: Ranking of offers and the selection of the Preferred Site:

Supporting work:

- Necessary clarifications provided to the negotiating team by the potential host.
- Confirm a scheme for the ranking of the offers, based on a common set of criteria as approved by the Iter Council, January 2000. (See Section 10)

- Comparison of the offers based on the common set of criteria by the Participants.
- Offers ranked by unanimous decision.
- One site selected for negotiations, ie. a preferred site is designated.

Estimated duration: 3-9 months

Note: This Step 4 could be modified depending on the timing of the first offer to host, and the anticipated timing of any additional offers to host. If there is a significant delay before a second offer to host, ie. later than October 2001, Iter Canada suggests that Step 5 commence with this first offer being declared the prime site to continue negotiations.

Estimated duration: 3 months

Step 5: Discussions and activities leading to a firm Offer:

Supporting work: The following is proposed on the assumption that the Clarington site is chosen as the preferred site for Iter:

- Utilize the established negotiating team (Step 3) to commence detailed negotiations for hosting Iter. This is on the basis of Canada becoming a “Participant” of the process as defined by the Exploration results.
- Commence detailed technical adaptation of the Iter Final Design Report design to the Clarington site. This work should be undertaken jointly by the Joint Central Team/International Team and Iter Canada, on terms to be negotiated. This work will continue through the Coordinated Technical Activities phase of Iter.
- Commence joint detailed site specific technical safety analysis and other work necessary to support the licensing and environmental assessment process initiated for Iter in Canada by Iter Canada.
- Identify and develop cost improvements associated with the specific attributes of the Clarington site. This work should be undertaken jointly by the Joint Central Team/International Team and Iter Canada, on terms to be negotiated.
- Optimize the construction schedule to minimize overall costs and defer cash requirements during the construction phase for all the Participants.

- Further define the Operating Phase technical and resource requirements required for the Iter Legal Entity to operate the Iter project at Clarington.
- Finalize the defined host scope and Host Services Contract, based on the results of the above activities and the results of the Procurement Packages cost estimating process.
- Define and negotiate the optional scope of work proposed by Iter Canada, that Iter Canada would undertake on a contractual basis with the Iter Legal Entity and/or the non-host Iter Parties directly.
- Negotiate the Joint Implementation Agreement in parallel to the above activities. This will be based on the common understandings reached during the Exploration activities for the outline of the draft legal framework for the Iter Joint Implementation Agreement at the end of 2000. This also assumes the agreement reached on the terms of reference for the Coordinated Technical Activities required to support the negotiation discussions is implemented.
- Based on the above activities, Iter Canada anticipates that its final definitive Offer, approved by all the appropriate Canadian stakeholders, could be established by September 2002. This would be the basis for final negotiations – Step 6 below.

Estimated duration: up to 12 months (ending September 2002)

Step 6: Negotiation final terms:

Supporting work:

- Submission of the final firm Offer by the preferred host
- Finalize Joint Implementation Agreement
- Finalize the licensing of the host site.
- Domestic approval of the final Joint Implementation Agreement by all the Participants
- Finalize any and all other terms and conditions between the Participants.
- Finalize all other documents required to start construction, eg. licensing, financing, insurance.

Estimated duration – 3 to 6 months (ending December 2002)

Step 7: Ratification by governments

Supporting work:

- Based on the reaching of a definitive agreement for hosting Iter, the final Joint Implementation Agreement, including any associated contractual arrangements and guarantees, would be sent for ratification by governments.

Estimated duration - 3 months (ending March 2003)

4.3 THE PROPOSED NEGOTIATING PROCESS TIMELINE

Chart 4-A shows the proposed overall schedule of events that Iter Canada believes will lead to the implementation of Iter in a timely manner.

Proposed Events for Iter Constructed in Canada		2001												2002												2003											
Year	Month	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J					
Step	Negotiations																																				
1	Outline of legal framework	X																																			
2	Prepare detailed legal framework																																				
3	Submit and review initial offers							CA			JA?		EU?																								
4	Rank offers based on common set of criteria already established, select preferred offer																				X																
5	Discussions and activities leading to a firm offer																																				
	. Complete design adaptation to sites offered																																				
	. Optimize const schedule, cash flow																																				
	. Obtain cost improvements																																				
	. Finalize host scope																																				
	. Finalize host service agreement																																				
	. Establish firm costs																																				
	. Prepare firm offer document																																				
	. Domestic approval and submission of firm offer																																				
	. Carry out licensing and environmental assessment																																				
	. Perform site spec safety analysis																																				
6	Negotiate final terms																																				
7	Ratification by governments																																				
	Construction																																				
	Procure long lead items																																				
	Construction start																																				
	Proposed meetings																																				
	. Explorer	Tokyo																																			
	. Iter Council		Toronto																																		
	. Negotiations																																				
	. Negotiations subgroup																																				
	. Negotiating meeting number																																				

Chart 4-A: Proposed schedule for negotiations