

REMARKS TO NEA ROUNDTABLE

October 16, 2008

Question:

Lessons learned regarding design and construction of nuclear power plants?

Answer:

First of all, congratulations to Luis Echávarri and NEA for 50 years of leadership in the global nuclear industry.

Pleased to speak to lessons learned...7 successful CANDU projects in last 12 years, on-time and on-budget, around the world: Korea, China, Romania.

Doubly important in the new economic circumstances to convince buyers that we can deliver to schedules and budgets...they will be increasingly looking to vendors to absorb risks unless we earn their confidence.

1. Negotiate sound, partnership-based contracts with the customer
 - wrong contract produces wrong outcome
 - realism and pragmatism trump purity
 - share risk equitably

2. Nourish the supply chain
 - Can't deliver without it
 - Long-term, this includes the education and training system
 - Balance diversity and competition with partnerships and commitment
 - 100+ Canadian companies, + localize in a balanced way where possible

3. Build modularity into basic design
 - key to having flexibility in schedule
 - enables parallel tracking of component builds...flexible critical path
 - shortens delivery time and reduces construction risk

4. Retain project management skills at all levels
 - can't be taught from a textbook
 - build institutional knowledge capture through Project Management System
 - important to have right timing and workload

5. Create vendor consortia
 - few players can or should do it all
 - build a strong team
 - experience builds trust

6. Don't forget to ask the customer what they want
 - Input from operator essential
 - The earlier the better

Our industry must apply the lessons of history – the Operating Experience – to lay the foundation for future success. AECL, Canada and CANDU are ready to deliver around the globe.