

February 9, 2000

Mr. Alex Marion  
Nuclear Energy Institute  
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Washington, D.C. 20006-3708

SUBJECT: STAFF RESPONSE TO NUCLEAR ENERGY INSTITUTE PROPOSED FLOW  
CHART ON PROCESS FOR VOLUNTARY INDUSTRY INITIATIVES  
ACTIVITIES

Dear Mr. Marion:

On Tuesday, December 21, 1999, I and several members of the U.S. Nuclear Regulatory Commission's (NRC) staff met with you and Mr. David Modeen (Nuclear Energy Institute - NEI), Mr. Gary Vine (Electric Power Research Institute - EPRI) and other interested stakeholders in a public meeting at the NRC's headquarters in Rockville, MD. This meeting was the third public meeting the staff has held with interested stakeholders on developing guidelines for voluntary industry initiatives (VIIs). This meeting was held at your request, made during the second stakeholders meeting in Rosemont, IL, on October 27, 1999. The meeting summaries for these two meetings, dated November 18, 1999, and February 3, 2000, respectively, are publicly available.

During the December 21, 1999, meeting, you presented a flow chart entitled "Simplified Process for Voluntary Industry Initiatives (VIIs) - Proposed," (Enclosure 1) which describes NEI's proposed actions to be taken by both the NRC and the industry when an issue is identified as a candidate for a VII. You requested staff comments on this flow chart. During a telephone conference call with you and Mr. Modeen on Wednesday, January 18, 2000, I discussed your flow chart with you.

Also during the January 18, 2000, telephone call with you, I again asked if NEI plans to provide specific written comments to the staff on developing a process for implementation of VIIs. This offer had been extended to all interested parties in general, and NEI in particular, during both of the above meetings, and in a Federal Register notice dated December 13, 1999 (64 FR 238). Specifically, the staff solicited comments, up to and including proposed guidelines *in toto*, from NEI and other stakeholders by January 15, 2000. This date was selected to allow the staff time to incorporate comments received into the staff's response to the May 27, 1999, staff requirements memorandum (SRM) from the Commission on "The Use by Industry of Voluntary Initiatives in the Regulatory Process," SECY-99-063, dated March 2, 1999.

During both public meetings, you indicated NEI will provide formal comments regarding the staff's proposed guidelines. During the recent telephone call, you stated that you intend to provide some initial principles related to VIIs in early February 2000, and additional comments by early March 2000, following an NEI meeting with senior nuclear utility executives. The staff welcomes your comments, and will consider your input, based on schedule considerations, in the staff's response to the SRM, which is due to the Commission by May 24, 2000.

Regarding the December 21, 1999, flow chart, the staff has studied your proposal, and finds that the process you described can be further clarified and streamlined, as shown in the NRC's flow chart (Enclosure 2). Specifically, the reasoning behind the NRC's flow chart is as follows:

- Box 1 - Issue Identified By / To NRC: The NRC staff becomes aware of an issue of potential concern (either by being informed by the industry, the public, another government entity, through its own investigations, or other means). The staff will evaluate the issue per 10 CFR 50.109, to determine if it involves adequate protection, a needed safety enhancement, and/or is a compliance exception to existing Rules and/or regulations. The issue will be evaluated through the Office of Nuclear Reactor Regulation (NRR) Executive Team to ensure that the issue is of sufficient importance to inform and meet with the industry, or to take regulatory action, if justified. The staff informs the industry of this concern, and schedules a meeting with industry to discuss potential actions.
- Box 2 - Issue Identified By / To Industry: The industry becomes aware of an issue of potential concern (either by being informed by the staff, through its own investigations, or other means), and evaluates the issue to determine proposed response. The industry informs the staff of this concern, and schedules a meeting with the staff to discuss proposed industry actions.
- Box 3 - NRC / Industry Meets on Issue: If the staff identified the issue, the industry is presented with the staff's findings, and is invited to evaluate the issue and develop a response to present to the staff to adequately disposition the issue. If industry identifies the issue, the staff is presented with the industry's findings, and is asked to evaluate and approve the industry's proposed response to adequately disposition the issue. The staff and industry may meet more than once at this point in the process.
- Box 4 - NRC Takes Regulatory Action: The NRC staff, having evaluated the issue and determined that it involves adequate protection, begins appropriate steps to take needed regulatory actions (e.g., Rule-making, issuing appropriate generic communications, Orders. etc.).
- Box 5 - NRC/Industry Agree on VII: If the industry and the staff, after having evaluated and met on the issue, reach a timely consensus on industry actions to be taken, which could include no immediate action but with long-term surveillance and future appropriate and applicable actions to be developed as the result of this surveillance, or specific actions and/or performance-based standards addressing the issue developed and implemented by either the industry as a whole, specific owners' groups, or multiple affected licensees, the staff will inspect, as appropriate, these agreed-upon actions.
- Box 6 - NRC / Industry Does NOT Agree on VII: If the industry and the staff, after having evaluated and met on the issue, cannot reach a timely consensus on industry actions to be taken, the NRC staff, having determined that the issue involves either a needed safety enhancement and/or compliance with existing Rules and/or regulations, begins appropriate steps to take needed regulatory actions (e.g., Rule-making, issuing appropriate generic communications, Orders. etc.)

Mr. Alex Marion

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A major key to the success of this approach is timely and frequent communications between the affected licensees/industry and the staff.

Please contact C. E. (Gene) Carpenter, Jr., of my staff at (301) 415-2169, if you have any further questions regarding this subject.

Sincerely,

Jack R. Strosnider, Director */ra/*  
Division of Engineering  
Office of Nuclear Reactor Regulation

Enclosure: As stated

cc: See next page

Mr. Alex Marion

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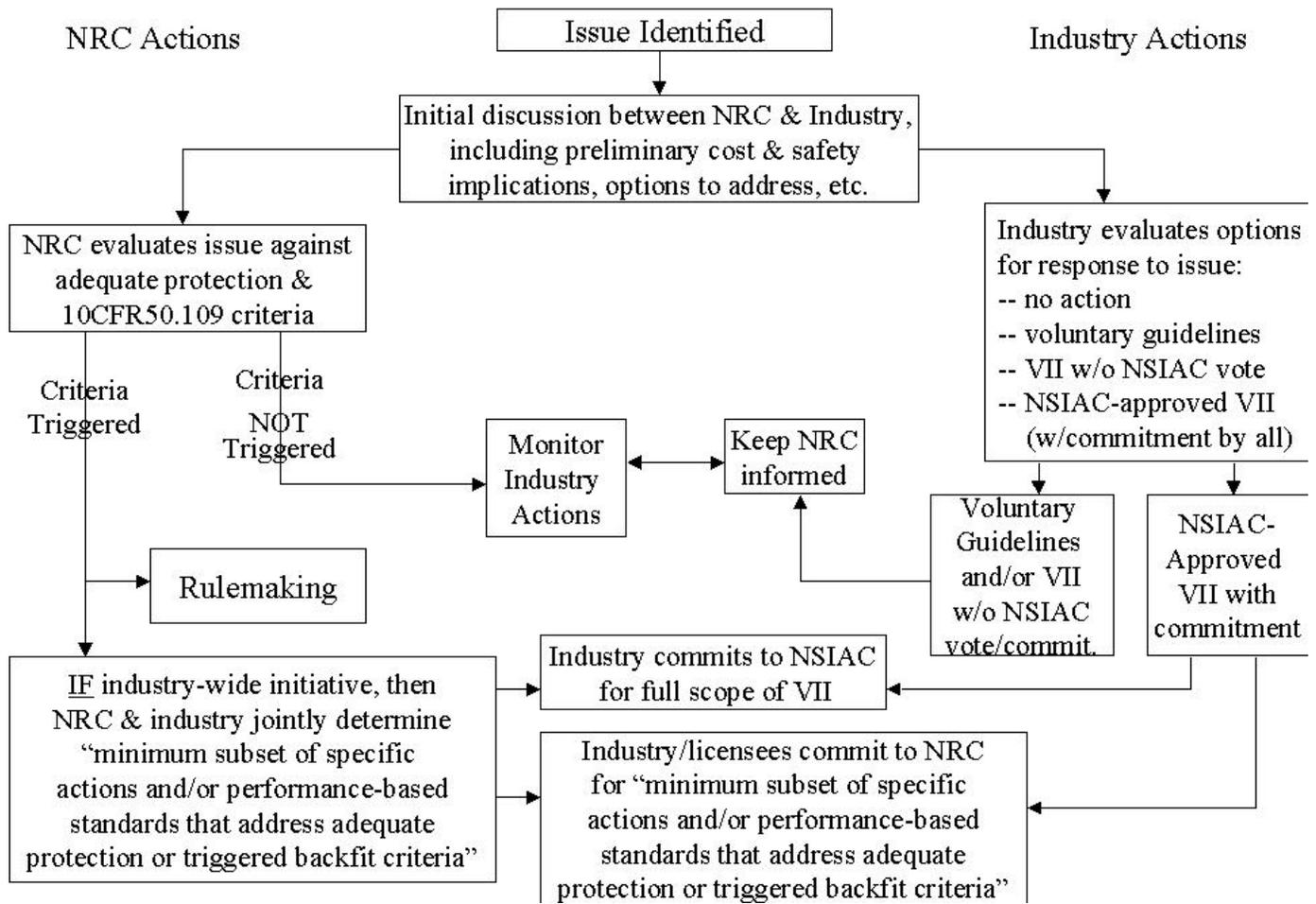
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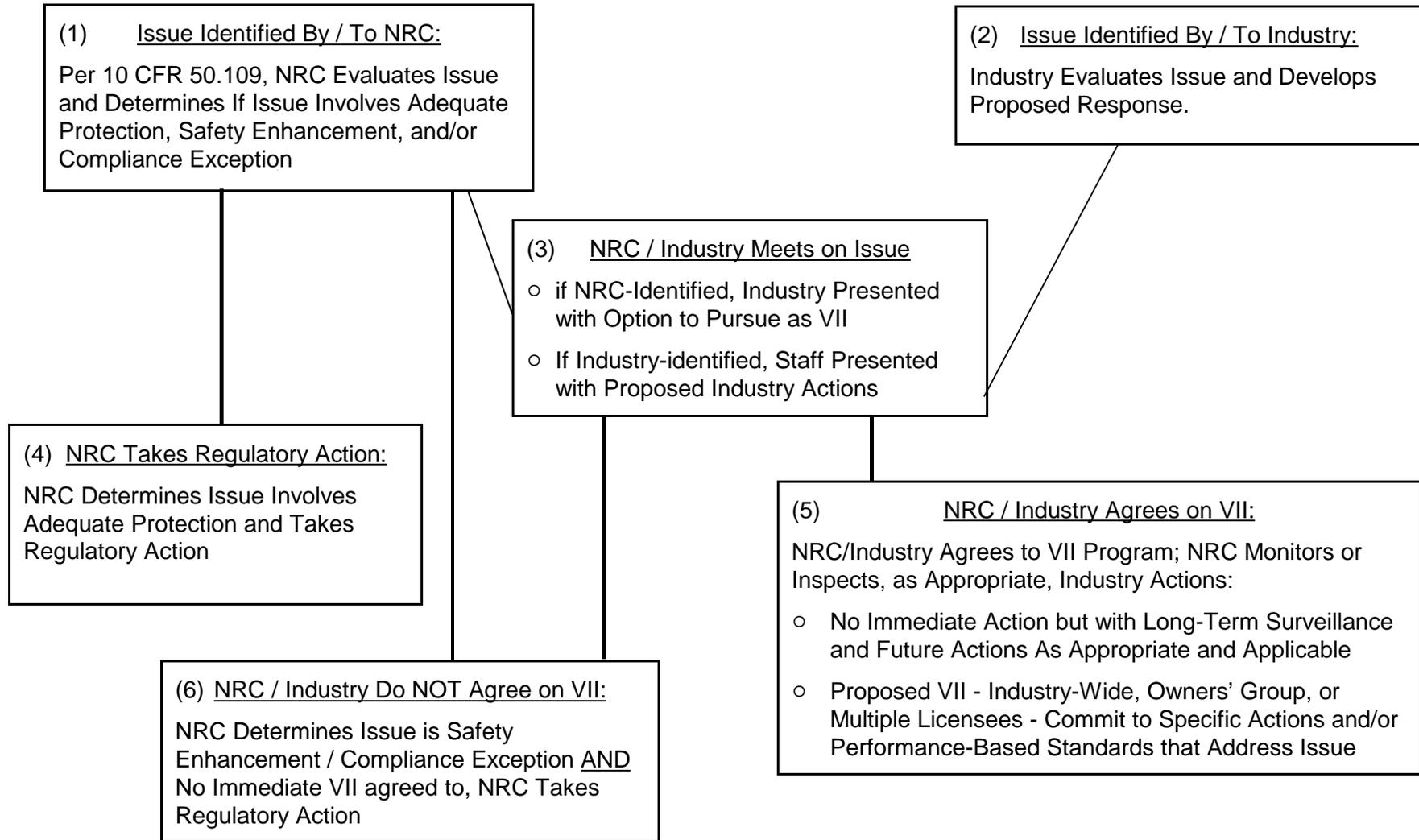
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# Simplified Process for Voluntary Industry Initiatives (VIIs) - Proposed



## NRC PROCESS FOR VOLUNTARY INDUSTRY INITIATIVES



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