



# ***NRC NEWS***

**U.S. NUCLEAR REGULATORY COMMISSION**

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OPENING STATEMENT  
BY  
RICHARD A. MESERVE, CHAIRMAN  
U.S. NUCLEAR REGULATORY COMMISSION  
AT THE  
ANNUAL PRESS CONFERENCE  
11:00 A.M. APRIL 13, 2000  
COMMISSION MEETING ROOM  
ONE WHITE FLINT NORTH

Good morning. Before I take your questions, I want to make a brief statement about three important NRC initiatives: (1) our new reactor oversight process, (2) license renewal, and (3) risk informed regulation. The NRC is pursuing these regulatory initiatives with the objective of achieving greater effectiveness and efficiency as an independent regulatory agency whose overriding mission is to protect public health and safety.

1. Just last week, the NRC implemented our new reactor oversight process on an industry-wide basis. The new program uses more objective, timely, and safety-significant criteria in assessing performance and represents one of the most fundamental changes in the agency's regulatory process in some years. Both the regulators and the industry have learned a lot about what most contributes to safe operations over the last quarter century and the new oversight effort takes advantage of those insights.

As I am sure you are aware, the NRC engages in extensive inspections of the universe of commercial nuclear reactors to ensure conformance with our regulatory requirements. Every reactor site has at least two resident inspectors -- NRC employees whose work station is physically at the reactor site. The new oversight process is designed to channel inspection effort to matters with the highest safety significance, while providing timely evaluation of plant performance. The process includes objective performance indicators, which will be fully reported to the public every three months, as well as a focused baseline inspection program.

The NRC last year conducted a six-month pilot of the process at nine sites, making adjustments and improvements as we went along. This is still a work in progress, and we expect to make additional improvements on the basis of what we learn as the process is applied to more than 100 commercial nuclear reactors.

We decided to apply the new process nation-wide at this time with the encouragement both of the industry and of the Union of Concerned Scientists.

2. Another initiative relates to the Commission's accelerated license renewal program. A few years ago, many knowledgeable observers believed that the deregulation of the electric utility industry would cause so much financial pressure that a large percentage of operating nuclear plants would be forced to shut down prior to the end of their forty-year licenses.

Nonetheless, the NRC proceeded with the development of a process for the timely renewal of operating reactor licenses. Baltimore Gas and Electric's Calvert Cliffs plant was the "test site" for the program. On March 23, the Commission issued a renewed license for Calvert Cliffs, Units 1 and 2, ahead of schedule. As you may be aware, on Tuesday of this week, a three-judge panel of the U.S. Court of Appeals for the D.C. Circuit unanimously rejected a petition challenging the procedures we used in processing the Calvert Cliffs application.

Duke Power Company's Oconee site is the next license renewal application under review. The staff expects to complete its work on the Oconee application on a schedule that may well permit a Commission decision by July.

Both the NRC and the industry consider the license renewal process a success. We are aware of 17 announced applications for license renewal covering 25 units. Those who once predicted massive early shutdowns are now projecting that up to 85% of operating plants may ultimately apply for license extensions. This is an important initiative as, in appropriate cases, it will allow nuclear plants, which provide about 20% of the nation's electricity today, to continue to contribute significantly through the early decades of the 21<sup>st</sup> century.

3. Another far reaching initiative involves our effort to develop and implement a risk-informed approach to nuclear power plant regulation. The approach uses risk insights, together with other pertinent information, to establish requirements that better focus licensee and regulatory attention to design and operational issues commensurate with their importance to public health and safety. The program is intended to evaluate the technical bases that underpin NRC requirements and to modify them to focus on the most safety-significant issues.

Our draft rulemaking plan for this effort proposes an alternative regulatory framework that will enable our reactor licensees to use a risk-informed process to define the equipment that should be subject to special requirements for reliability. Other aspects of this initiative include changes to the regulations and regulatory guidance on decommissioning, fire protection, and reactor safeguards. More changes will doubtless follow. This is a multi-year effort to rethink many of the basic concepts underlying the regulatory system. The results of this effort may lead to some relaxation or elimination of some existing regulatory requirements, as well as to the imposition of some new requirements, as warranted.

Taken together, these three NRC initiatives demonstrate a regulatory program that is responding imaginatively and effectively to fundamental changes in the nuclear industry, that is dynamic and flexible in responding to change, that is a leader in developing new approaches to regulation, and that is accomplishing all of this while maintaining our paramount objective of protecting the public health and safety.

I will be pleased to respond to your questions.