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Remarks By Ivan Selin  
Chairman, U.S. Nuclear Regulatory Commission  
before the  
Nuclear Management and Resources Council  
Board of Directors  
Atlanta, Georgia  
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Good afternoon. I am delighted to have this opportunity to address the NUMARC Board.

When I last addressed this group, in June 1992, I challenged you to identify areas in our regulations and requirements that could be reduced without adversely impacting safety, and to provide compelling analyses to support those reductions. It pleases me to stand before you today and report the success we have achieved jointly and to tell you about the continuing efforts by the NRC in this area. But, more importantly, I look forward to proposing another opportunity for fruitful and legitimate cooperation, while responding directly to the concern that some of you have expressed that the NRC is becoming too intrusive in areas which should be left to utility management.

The NRC staff has moved to determine which regulatory requirements are candidates for reduction and to develop an efficient process for reviewing industry proposals. Two groups were formed to evaluate likely candidates, the Cost Beneficial Licensing Action (CBLA) Task Force for plant-specific actions, and the Regulatory Review Group (RRG) for generic actions. These two efforts have been successful to date and, with your help, will continue to be so.

Last December, the CBLA Task Force reported the results of their review and their recommendations to the Director of the Office of Nuclear Reactor Regulation. Based on the task group's review, it was evident that utilities with effective CBLA programs can achieve significant results. In the first large case, Virginia Power was able to identify numerous requirements at their Surry and North Anna plants that they believe are marginal to safety. Thirteen of these have already been approved by the NRC for a net savings estimated by the licensee to be more

than 15 million dollars for 1993 alone, with a continuing estimated savings of 8 hundred thousand dollars a year.

Entergy is also an industry leader with an extensive CBLA program. Entergy's estimated savings from their activities to date are projected at 120 million dollars over the life of their plants. However, Entergy's efforts are considerably different from those of Virginia Power's. Entergy has proposed several issues that involve policy and regulatory matters. Although these are considered CBLAs -- high cost, low safety benefit -- they include difficult technical and policy questions and are requiring more staff effort to evaluate.

Several characteristics are common to the CBLAs that have achieved early success. These include: 1) the submittals were preceded by adequate communication with the NRC project manager and the resident staff, 2) the submittals were high quality, stand alone documents, 3) the requests were plant specific, 4) the licensee assigned a priority to each licensing action and it was clear where CBLAs stood in relation to the other submittals (Virginia Power has a "top ten" list), and 5) only CBLAs of immediate benefit were submitted. If you follow these principles, hopefully your programs will be just as successful, furthermore, insofar as the submittals do not involve major policy or regulatory issues, we can act fairly quickly.

For our part, the NRC has increased the review priority of CBLAs and assigned a manager as the single point of contact for such issues. In addition the staff is screening and tracking all CBLAs, developing training for headquarters and regional personnel, and investigating the electronic transfer of submittals, letters, and safety evaluations between licensees and the staff. With these efforts in place, the NRC staff is ready to process your plant-specific CBLA submittals efficiently.

The NRC has also made progress in the review of generic regulatory requirements. In August, the Regulatory Review Group issued its final report containing recommendations aimed at reducing the regulatory burden on power plant licensees and strengthening NRC administrative practices. On January 7, the staff provided the Commission with its plan (SECY-94-003) for implementing the recommendations of the Regulatory Review Group. Many of the requirements addressed in the plan are the same as those identified in the industry's "Strategic Plan For Improved Economic Performance" namely: graded quality assurance, commercial grade items, security, fire protection, and periodic reports.

The staff has already started to implement the plan by meeting with the industry on security and on graded approaches to quality assurance. In addition to those efforts, we recently

approved a staff proposal to initiate rulemaking to reduce vital area access controls. I think we have made a fine start on this effort, which would not have been possible without your active participation.

Public acceptance of these efforts to be more efficient in regulating rises and falls with the industry's success in ensuring an acceptable level of performance at operating nuclear power plants. Here the news is mostly, but not uniformly, good.

Based on any yardstick, the performance of nuclear power plants continues to improve. Plant availability is up, scrams are down, and more plants are on the NRC's good performer list than at any time in the past. However, certain utilities, which, in spite of having a quality work force, adequate financial resources, and well designed plants, continue to have difficulty in performing at least as well as the sum of their parts. What they seem to lack is leadership.

Where the NRC sees a decline in performance, it is usually because management has gotten comfortable with the status quo. One of the first things we look for is whether utility management is aware of the problems and is taking action to address not only the problems, but also the root causes. Utility management must be proactively involved for this to happen. If management is not up to the task, then I feel we have no choice but to take aggressive action to ensure that plant performance does not decline to the level where safe operation is in question.

The tools we use include team inspections, diagnostic evaluations, management meetings, trending letters, and the problem plant list. What we have learned is that it is much easier and takes less resources -- yours and ours -- to give licensees a wake-up call, to get them to turn declining performance around before serious problems arise. If performance declines to the point where a plant goes on the watch list, the resources expended to get off the list are considerably greater than would have been required to solve the problem at an earlier stage. In large part this is because, in addition to fixing the problems, a watch-list licensee has to reestablish its credibility with the NRC. After all, one of the reasons a plant is on the list in the first place is that the NRC has lost faith in management's ability to identify and correct its own problems without regulatory prodding.

There are those within the industry who think these actions are too intrusive, too severe, or too expensive. My response is, go talk to the people who have received a trending letter or been placed on the problem plant list. Were it not for our actions, it is my opinion performance would have continued to decline until some serious and costly event grabbed their

attention and forced them to make changes. Recovery at that point would have been much more expensive and taken much longer, worse yet, the real cost would be borne by all nuclear utilities, not just by the offending performer.

From my point of view, at times strong measures are necessary to keep the law of averages from catching up with some of the licensees. If there were a group of reactors out there operating at the minimum regulatory standard, eventually one or more would fall below that minimum and become unsafe. The larger the group, the greater the risk, and 108 reactors is a large universe. Neither of us can afford to have even a single nuclear power plant fall below that level. To keep that from happening, the NRC will continue to be aggressive where below-average or declining performance exists. In such cases the NRC will tell senior utility management that their management team is not performing at an acceptable level or that sufficient resources are not being made available. On the other hand, if performance is good, we should stay out of those areas.

These tools that I spoke of have served the NRC well and we will continue to use them as warranted. You as the regulated industry have a right to know how these tools will be used. The criteria the NRC uses to determine who will be subjected to a diagnostic evaluation should be articulated. The process by which plants are screened for discussion at the Senior Management Meeting should be described. I have asked the staff to address these two areas publicly. If you believe there are other areas where we have not explained adequately how activities are performed, you should tell us. You should also tell us if you believe the NRC is being inconsistent in using these tools. That is one of the challenges I leave with you.

Overall, I believe the NRC is treating the industry fairly and equitably. However, there may very well exist local exceptions to this general view. If you identify areas where you believe that is not the case, or where you believe the NRC is being too intrusive, let's put the issue on the table and talk it through.

The other challenge I leave with you today as we try to embark on a transition to risk-based regulation, is to identify areas where such regulations can be fully implemented. The NRC is already working with NUMARC and other industry groups to apply risk importance to such areas as graded quality assurance and implementation of motor operated valve operability requirements. The Agency is also working with the industry and the ASME Boiler and Pressure Vessel Code committees on developing risk-based in-service testing and inspection programs. However, I believe there is a much larger universe of candidates where risk-based regulation would yield better, more cost efficient regulation.

Help us identify candidates for risk-based regulation and, once identified, help us move rapidly forward with pilot programs to show achievable safety and cost benefits. But also help us to identify sources and efficient means to collect the data needed for monitoring performance under risk-based regulation.

In closing, we, together, have made significant progress in creating a framework within which to reduce inefficient regulation. Your challenge for the future is to continue to identify those opportunities and to avoid complacency in the operation of your plants.

Thank you for this opportunity to address this Board. I will be glad to take any questions you may have.

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