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Remarks by Ivan Selin
Chairman, U.S. Nuclear Regulatory Commission
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Good Morning. It gives me great pleasure to be here today to take part in the Office of Nuclear Reactor Regulation's fifth Regulatory Information Conference. Last year was my first opportunity to participate in this Conference; I stated then that this conference provides a singular opportunity for the NRC and all of its licensees to meet and exchange views on regulatory issues, both present and future.

I would like to talk with you today about some of the changes that have taken place in the NRC and in the industry since last year, and the impact of those changes on the future of the nuclear power industry. At the end of my presentation I would be happy to address any questions you may have.

This past year has been an extremely busy one with many different regulatory issues moving forward. The issue where I feel we have made the most progress is in the certification of the evolutionary and passive light water reactor designs and the implementation of 10 CFR Part 52. When Part 52 was promulgated, the NRC and the industry had many reservations regarding whether or not the traditional two-step licensing process could be replaced by a combined construction permit/operating license. During the last two years, the NRC and the vendors have continued aggressively on the path to certifying designs; and although it hasn't always been easy, I believe we are finally seeing the light at the end of the tunnel.

The efforts taken over the last year have finally broken the logjam associated with the design certification process, and the next steps will not be as difficult. Draft safety evaluation reports have been issued for the Advanced Boiling Water Reactor (ABWR) and the System 80+ evolutionary designs.

Extensive efforts by the NRC and the evolutionary reactor designers have resulted in specific ITAAC examples that will serve as a template for all advanced light water reactor designs. Although the development of this prototypical set of ITAAC was a more difficult and time consuming task than anticipated, its completion removes a major obstacle to finishing the evolutionary design reviews. Through the extensive work done on the lead plant, the ABWR, the remaining evolutionary and passive designs now have a much easier road to travel. We have realized, and the vendors have stated, that Part 52 is workable and it is a viable means to certifying standard designs in this country.

Another area where the NRC and industry have forged ahead over the last year is license renewal. The license renewal rule became effective in January of 1992. This rule is based on two basic principles. The first is that, with the exception of age-related degradation unique to license renewal, our regulatory process is adequate to ensure that the licensing bases of currently operating plants will maintain an acceptable level of safety into the extended period. The second principle is not to penalize a license renewal applicant's current licensing basis simply because he is applying for license renewal. We will however, require that each plant's licensing basis be maintained during the additional twenty years of operation.

When the NRC first approached the license renewal process, industry and DOE thought the idea of having lead plants was the best way to resolve issues associated with license renewal. As you all know, both lead plants, Monticello and Yankee Rowe, have dropped out of the license renewal business for plant-specific reasons. The lesson we learned is that in order to work through the license renewal process for the first time, an approach to resolving generic issues was needed.

Industry efforts are now focused on a more generic approach to license renewal, as reflected in the submittals from the Babcock & Wilcox (B&W) Owners Group that we are now reviewing. Moving to license renewal, I firmly believe this is key to the viability of the nuclear power industry over the next twenty years, since without the possibility of license renewal too little time would be left on licenses to amortize various capital improvements needed to run for 40 years. Hence, without license renewal, plants will close early when faced with costly capital projects.

Over the past year, the NRC staff has developed a process for implementing the license renewal rule which I believe is technically sound and balances the interests of both safety and economics. The staff is proposing to shift the focus away from the identification and evaluation of aging mechanisms themselves, and towards the detection and mitigation of the degradation

effects of those aging mechanisms. Under this approach an applicant would not evaluate each aging mechanism for each system, structure, and component important to license renewal if he can describe a program that manages the effects of degradation such that each system can perform its required function(s) when called upon.

This process would give the applicant credit for work being performed in support of the maintenance rule. We'll soon see how this proposal plays out.

As you see, the NRC's implementation process for license renewal relies heavily on the existence of effective maintenance programs to manage the effects of degradation.

Since the maintenance rule was promulgated, both NUMARC and the NRC staff have expended a great deal of effort to develop guidance for its implementation. The NRC solicited public and industry involvement by holding numerous public meetings to discuss implementation issues; the staff is currently reviewing public comments on its draft regulatory guide and we expect that final guidance will be issued sometime this summer.

Lest you think the NRC can only promulgate new requirements, the agency has, over the past year, undertaken a number of initiatives to reduce the regulatory burden, where such burden has minimal safety benefit. The reason for this is to encourage licensees to focus their efforts on the most risk significant issues. In parallel, we have looked at ways of spending our own inspection resources in the most safety beneficial manner. These two apparently separate activities have the potential for a simultaneous double benefit -- both safety improvements and cost reductions for the utilities and the NRC.

In August of last year, the Commission approved a plan to tackle a long list of proposals submitted by the industry to eliminate requirements marginal to safety, and to formalize the ongoing review effort. The marginal requirements program has identified a number of technical subject areas for regulatory action. Rulemaking activities have already been initiated for some of these activities. The Regulatory Review Group will extend this generic effort to plant-specific applications as part of a more complete examination of the current regulatory framework.

The NRC is also moving toward greater flexibility in the allocation of inspection resources. We have found inconsistencies in the allocation of direct inspection effort based on licensee performance; for example, a number of similarly performing plants receive disparate inspection hours. Two driving forces in the allocation of resources have been the N + 1

policy for resident inspectors, and the growth in special team inspections, for example the service water team inspections currently ongoing.

A closer look at team inspections proved instructive. In a number of cases we find that licensees perform a thorough self-inspection before our inspection team arrives. In such cases our inspection only serves to validate the licensee's effort, but results in the spending of large resources by both the NRC and the utility. In these situations, at least for the better performing plants, we are considering performing an audit of the licensee's self-inspection rather than conducting our own independent inspection. This will help reduce the licensee's efforts in support of major team inspection and the expenditure of agency resources. A pilot program is underway to test the feasibility of this approach.

The key ingredient in the above approach is the ability of the NRC to determine which plants are the better performers. A key component that we use to do this, of course, is the Systematic Assessment of Licensee Performance (SALP). As most of you know, the NRC has been evaluating the SALP program over the last few years to determine what is the best way to make the process more equitable. It has been interesting to hear the comments provided to us by licensees about the SALP program. Collectively, licensees have decried the program as unnecessary, but I have been told that individually, many utility managers consider the program worthwhile. The NRC has found that the SALP program, as well as the Watchlist, has a significant positive effect on utilities.

As far as the specifics of the SALP program are concerned, the NRC staff has done a tremendous job in identifying where the SALP program needs to be sharpened to serve both the NRC and industry better. The most fundamental change reduces the number of functional areas to four, in order to provide more equity when weighing the safety significance of the various SALP areas. Another important change resulting from the staff's review is the initiative to more closely relate NRC inspection resource allocations to licensee performance. In other words, we'll try to reward good performers by reducing the amount of inspection effort. The converse is that we'll apply additional inspection resources to help prod the poorer performers to do better. Changes to the SALP program proposed by the staff are currently before the Commission for action. I know that the SALP program is the subject of one of your breakout sessions, so I won't belabor the point.

Through initiatives like the SALP program, the maintenance program, and the performance-based inspection program, the NRC has provided the impetus for safer operations at reduced

regulatory burden. This is evident in the steady improvement of the majority of performance indicators tracked by the NRC. For instance, U.S. nuclear power plant availability has been increasing over the last five years where safety indicators have also been improving. A safer, well-maintained plant is an economic reward for utilities.

Our study of performance indicator trends has shown evidence of plateauing which indicates that current performance is well within expectations and the current overall level of performance is safe. More detailed evaluation suggests that many of the better performers are approaching the level of risk reduction inherent in their plants. However, added effort is warranted among the poorest performers. The best way to reduce the overall risk of nuclear power plant operation is to focus on the poorer performers. While we have stated that we will lighten the inspection effort on better performing plants, at the same time we will increase our attention to the poorer performers. This strategy is clearly in the best interests of the NRC because of our role as the protector of public health and safety. It is also in the best interests of the nuclear power industry itself for the better performers to help out the ones lagging behind.

I would now like to discuss four of the areas where I believe the NRC has either learned from experience, or is in the process of learning. First is the interaction between the public and the NRC. I believe we need to be even more receptive to public participation than we've been in the past. In addition to helping the public participate in rulemaking, licensing actions, the 2.206 process, and the like, we need to conduct more of our routine activities out in the open, where the public can scrutinize them. One way to increase openness is to make public our enforcement conferences. We began conducting open enforcement conferences in June of last year on a two-year pilot program basis. During the first six months, we held 19 open conferences out of a total of 74. Members of the public attended slightly more than 50% of the open enforcement conferences.

Another aspect of openness is the public workshops and meetings we hold, such as this one today, where the NRC gets a chance to hear from all interested parties on various issues. The NRC has conducted approximately 23 public workshops thus far in fiscal year 1993.

Second, let us consider the issue of Thermolag. The NRC is currently evaluating its actions over the last ten years with regard to Thermolag. At the end of our evaluation, we hope to understand how we missed numerous opportunities to address this issue earlier. While we are on this subject, I would like to acknowledge NUMARC's leadership in the testing of Thermolag. However, for those of you who are not aware, some utilities were

to provide materials and trained installers to the NUMARC program but have decided to withdraw from direct involvement. This unfortunately will delay completion of the testing significantly, an untenable situation which we'll have to deal with some other way.

Third, we learned a great deal from the process of restarting Turkey Point following hurricane Andrew. The restart activities onsite were well coordinated between the NRC and the utility, but we missed a vital item of coordination between the NRC and the Federal Emergency Management Agency (FEMA) with respect to offsite response capabilities. We now are fully aware that extreme disaster can affect offsite response, and therefore that we need to have the necessary coordination requirements documented.

The fourth lesson I'll cite today is in the area of vessel embrittlement and the subsequent decommissioning of Yankee Rowe. The vessel embrittlement issue at Yankee Rowe blossomed over time into a major issue at the agency. We are close to completing a study of the agency's management of technical issues which should provide benefit for all involved parties. The NRC has also developed interim guidance for plants which close prematurely. This guidance has worked well at Yankee Rowe and this experience will contribute to the final agency position.

Earlier I mentioned public participation. Another aspect of this I would like to discuss is whistleblowers. The industry and the NRC need to be responsive and supportive to whistleblowers whenever possible. Allegations were instrumental in bringing the Thermolag issue into the limelight. That has improved overall safety, and no matter how much pain they may cause you, whistleblowers have an important place in the nuclear arena.

In conclusion, let me say that most of you are doing an excellent job of operating the existing population of nuclear power plants. Performance indicators are steadily improving and SALP scores, for the most part, are looking better for a greater number of plants. We are currently evaluating regulatory requirements to reduce their burden on you so long as there is no reduction in safety. All of these efforts and indicators are fine and good, but the safe operation and good decisions that you make need to be reproved day after day.

Over the last two years, we all have accomplished a great deal to improve the credibility of the nuclear industry, but there is still a long way to go. Conferences such as this one strive to meet the goals of all members of the nuclear community. It provides a forum for clear, effective, and open communications and allows for a true interaction between all concerned parties. I wish you all a productive and effective next two days.

