



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

June 9, 2000

MEMORANDUM TO:

Chairman Meserve
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield

FROM:

Dennis K. Rathbun, Director
Office of Congressional Affairs

DR

SUBJECT:

HOUSE COMMERCE HEARING, "THE FUTURE OF
NUCLEAR AND COAL POWER," 6/8/00

The House Commerce Committee's Subcommittee on Energy and Power held the second in a series of hearings on the nation's energy policy; the first hearing focused on oil and gas. Chairman Barton (R-TX) referenced pressures to reduce reliance on both nuclear and coal. For nuclear, he noted the Government's failure to fulfill its obligation on nuclear waste and called for a rethinking of the need for nuclear in order to reduce greenhouse gases. He added that the lack of action on nuclear waste affected public confidence in nuclear energy, and stressed that the delay was not due to a lack of technical knowledge but rather due to a lack of political will. Rep. Norwood (R-GA) added that he was a supporter of nuclear power and urged a renewed focus on addressing storage of nuclear waste. Reps. Whitfield (R-KY) and Sawyer (D-OH) both expressed concern about the future of USEC and of the domestic uranium mining industry.

Mr. Magwood from DOE testified that the nation does have a diverse energy supply, and he was optimistic about the future for nuclear power. He said that new designs for plants are more economical and efficient, and he noted the purchase of nuclear plants due to industry consolidation as an indication of willingness to invest in nuclear. He added that the "overwhelming majority" of plants can be expected to apply for and receive license renewals. NRC was complimented for having "done its part to become an effective regulatory agency," with license renewal and one-step licensing referenced. The decline in the number of nuclear engineering students is a cause for concern, but Mr. Magwood detailed DOE's university and reactor assistance program, which has shown some signs of reversing this trend.

Mr. McNeil from PECO Energy made many points: 1) consolidation in the industry will contribute to safe operation as will a stable and predictable regulatory environment, 2) duplicative EPA regulations should be eliminated, 3) Federal policy towards nuclear power has been neglectful and should be revamped to reflect that nuclear is the 2nd leading source of electric generation, 4) commitments to build the repository must be met, and 5) a public education program should emphasize that nuclear poses a small risk compared with other energy sources. He urged Congress to eliminate the requirement for NRC's antitrust review for license transfers and to examine IRS treatment of decommissioning costs. He also

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commented that the assessment of NRC user fees on future modular designs should be based on a capacity rather than a per facility basis. He added that we were several years away from having sufficient confidence in the designs to build them.

Dr. Klein of the University of Texas System commended DOE for its university initiative and Generation IV concept for the next nuclear reactor, saying both had garnered the attention of students. He added that nuclear R&D should be significantly increased.

Mr. Graham spoke for ConverDyne, the nation's only uranium converter, in Metropolis, IL. He discussed the dismal domestic economic outlook, saying that "market conditions are so serious that uranium mining, uranium conversion and perhaps even enrichment are on the brink of disappearing." He cited both the privatization of USEC with its aggressive sales of DOE fuel as well as the large amount of material from the US-Russia agreement as the causes of profitability decline. Mr. Graham urged Congress to level the playing field for the domestic industry, re-federalize USEC, and take HEU material from the US-Russia agreement into long-term government inventory.

Mr. Lochbaum from the Union of Concerned Scientists (UCS) stated that the future of the nuclear industry depended upon an effective regulator, which had been absent in the past, to enforce minimum standards. He commented that the NRC had senior managers with strong technical backgrounds, "but they lack the experience and independence to lead a broad-based transformation," which was needed to address "NRC's culture of complacency."

Rep. Shimkus asked Mr. McNeil to respond to UCS: he replied that UCS' examples are factually correct, but there are different interpretations. He noted that many issues raised at plants are modest, but collectively there could be a concern. He agreed that an internal renewal structure is needed to fight complacency, but defense in depth was a safety component. Rep. Sawyer was concerned about "cornercutters" at nuclear plants; Mr. McNeil stated that a program that is risk-based and predictable addresses these concerns. While he agrees that some of UCS' statement--that the NRC had not been an effective regulator--had some historical merit, he added that the NRC is facing the right direction now.

Rep. Shimkus (R-IL) questioned how the possible Metropolis closure would affect the gaseous diffusion plants (GDP's). Mr. Graham responded that GDP's would rely on inventories and the foreign enriched supply, but that there is insufficient foreign feedstock for the facilities. In response to a question from Rep. Whitfield (R-KY), Mr. McNeil objected to USEC being the monopoly controller of fuel, saying that it should be available to all users. He added that the US should have a policy to support domestic sources. Mr. Magwood stated that the Administration wanted a viable long-term solution, but "how we do it is complicated," and the national security perspective needed to be considered. Rep. Sawyer (D-OH) asked how USEC could be re-federalized; Mr. Graham acknowledged it would be difficult since so much value has been lost.

Rep. Wilson (R-NM) asked Mr. Magwood for input on why nuclear is a "dying source of energy" and to project how many nuclear plants would be built. Mr. Magwood disagreed with the Congresswoman's assessment, saying that DOE is working with international partners to explore the next generation of reactors. He added that it is "up to Government to make sure that technologies are available if industry chooses," but it is not appropriate to dictate how many plants should be built. In response to a question from Rep. Shimkus, Mr. McNeil noted that standardization will make the new modular design safer.

Rep. Burr (R-NC) attempted to get agreement that the absence of a repository would accelerate the closure of nuclear plants. Prairie Island was mentioned as being so constrained, but Mr. McNeil referenced the option of dry cask storage, while noting that the issue "provides a forum for ideologues that don't like nuclear" as well as increases the cost of electricity to pay for alternative storage. Dr. Klein commented that natural gas could replace a loss of nuclear, and the failure to have a long-term energy policy disadvantaged coal and nuclear which take longer to build stations.

The witness list is attached; testimony is available in OCA.

Attachment: As stated

cc: SECY
 OGC
 OGC/Cyr
 EDO
 OIP
 OCAA
 OPA
 OIG
 CFO
 CIO

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Committee on Commerce
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THOMAS E. DERISI, VIRGINIA, CHIEF OF STAFF

SUBCOMMITTEE ON ENERGY AND POWER

DATE: Thursday, June 8, 2000
TIME & PLACE: 1:00 p.m. in Room 2123 Rayburn House Office Building
SUBJECT: National Energy Policy: The Future of Nuclear and Coal Power in the United States

WITNESS LIST

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