

IN RESPONSE, PLEASE
REFER TO: M921113A

January 15, 1993

MEMORANDUM FOR: James M. Taylor
Executive Director for Operations

FROM: Samuel J. Chilk, Secretary /s/

SUBJECT: STAFF REQUIREMENTS - BRIEFING ON PROPOSED
METHOD FOR REGULATING MAJOR MATERIALS
LICENSEES (SECY-92-337), 10:00 A.M., FRIDAY,
NOVEMBER 13, 1992, COMMISSIONERS' CONFERENCE
ROOM, ONE WHITE FLINT NORTH, ROCKVILLE,
MARYLAND (OPEN TO PUBLIC ATTENDANCE)
and
SECY-92-337 - RESPONSE TO RECOMMENDATIONS OF
THE MATERIALS REGULATORY REVIEW TASK FORCE

The Commission was briefed by the NRC staff on the proposed method for regulating major materials licensees. As a result of the briefing and the staff recommendations in SECY-92-337, the details of staff's proposed plan should be reconsidered to incorporate the following comments:

- A. The Commission believes that, to achieve the staff's goal of improved safety, the highest priority should be to sharpen and upgrade the regulatory basis for determining the adequacy of licensee performance. The Commission also is concerned that the plan as presented by the staff places too much emphasis on team assessments in advance of clearly defining an appropriate regulatory basis. Accordingly, in the near term, the Commission would like the staff to focus its efforts on those activities in the proposed plan related to upgrading and more clearly defining the regulatory basis for regulating major materials licensees, deferring team assessments until staff provides the Commission with an analysis of team assessments and alternatives. Alternatives should include but need not be limited to enhancing inspections, use of workshops with licensees, staff working with licensees or a licensee organization to establish a self-assessment program or a solicitation

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of volunteers for conducting a self-assessment or having an NRC team assessment conducted. The analysis should also include input from the results of the regulatory impact survey and previous licensee workshops. As this process of upgrading the regulations goes forward, staff should evaluate existing and proposed regulations with an eye towards identifying and deleting unnecessary requirements.

Finally, the Commission is of the view that, where possible, consideration should be given to the use of performance-based regulations.

- B. The staff should place greater emphasis on regular licensee workshops that focus on specific topics, such as developing a clear understanding of the scope of integrated safety assessments.
- C. Staff should clearly define the purpose and provide preliminary guidance to licensees on the content of an integrated safety assessment (ISA). This should be done in consultation with licensees. These activities should be completed prior to asking licensees to prepare and submit ISAs. In this context, staff should explore whether it is feasible and cost-effective for the risk-analysis component of the ISA to include quantitative estimates of the probabilities of potentially high-consequence accident sequences or whether qualitative estimates would suffice. Additionally, staff should ensure consistency in terminology between offices (i.e. NMSS and NRR) as work progresses on the development of guidance and the definition of NRC expectations for licensees in performing ISAs.
- D. The license renewal process for major fuel cycle licensees should be carefully considered and factored into the staff's final action plan. The license renewal process should be replicable, defensible and efficient. The process should be predictable and generally constitute a reconfirmation that licensee operations are in conformance with NRC requirements, as opposed to a comprehensive de novo examination of facility safety. To the extent that it can contribute to assuring that safety requirements are implemented on a more continuous basis, rather than at the time of license renewal, the action plan should be refined.

- E. Staff and industry should be encouraged to seek out and identify practices, procedures and standards used by other industries (e.g., the petrochemical industry) to manage the safety and environmental hazards associated with the production and use of industrial chemicals for possible application to NRC licensees. In this regard, some type of industry group oversight, comparable to the role that INPO performs for power reactor licensees, might be useful for the major materials facilities. Recognizing that there may be some unique barriers to such an arrangement in this area, the benefits of such an approach merit evaluation. To the extent such a group could be developed, it could reduce the scope and frequency of staff team assessments that would otherwise be needed to assure safe operations.
- F. Finally, while many of the activities discussed in the staff action plan are applicable to facilities which are primarily of regulatory concern to the NRC, the approaches may also be applicable to other types of licensees regulated by the Agreement States. The staff should keep the Agreement States informed of the plan.
- G. The staff, prior to development of a program for periodic licensee evaluation by NRC as described in the Staff Action Plan (Section 5.2.8 -"Licensee Evaluations"), should determine if this type of program is necessary or even feasible considering the diverse nature of the licensees involved. If this type of program is necessary, careful consideration should be given to the lessons learned, both pros and cons, from the current SALP process used for reactors.

The staff should brief the Commission in the March timeframe on the status of its reconsideration and incorporation of the above comments as well as the plan's impact on resources. Thereafter, the Commission should receive annual briefings on the progress of these activities.

(EDO)

(SECY Suspense:

3/19/93)

Additionally, the staff should monitor developments concerning the potential use of Former Soviet Union HEU in U.S. facilities and keep the Commission informed of any needs to amend plan priorities in this area, including the safeguards area.

cc: The Chairman
Commissioner Rogers
Commissioner Curtiss
Commissioner Remick
Commissioner de Planque
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