

POLICY ISSUE INFORMATION

November 27, 2000

SECY-00-0222

FOR: The Commissioners

FROM: William D. Travers
Executive Director for Operations

SUBJECT: STATUS OF NUCLEAR FUEL CYCLE FACILITY OVERSIGHT
PROGRAM REVISION

PURPOSE:

To inform the Commission of the current status of efforts to revise the oversight program for NRC fuel cycle facility licensees and certificate holders.

SUMMARY:

The staff has worked with both internal and external stakeholders to develop revisions to the fuel cycle facility oversight program. These efforts have included several public meetings and exchanges of documents, out of which a framework for the revised process, including cornerstones of facility safety, has been developed. To comport with the NRC Strategic Plan's performance goals in the Materials Arena, the staff intends to continue working with stakeholders to make the oversight process more effective, efficient, and realistic; to increase public confidence; and to reduce unnecessary regulatory burden, while continuing to maintain safety, protection of the environment, and the common defense and security.

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BACKGROUND:

In SECY-99-188, the staff informed the Commission of its initiative to revise the fuel cycle facility inspection program. This program currently covers licensees and certificate holders (for simplicity, hereinafter referred to as licensees) for 10 uranium fuel cycle facilities. From the early stages of this initiative, the staff solicited stakeholder¹ participation in the program revision through exchange of information and through seven announced public meetings. In response to stakeholders' requests and NRC management's assessment, the scope of the revisions was broadened beyond the inspection program to cover the entire fuel cycle facility oversight process, including inspection, performance assessment, and enforcement. Performance assessment includes responding to changing performance and communicating performance assessment results to stakeholders.

As discussed in SECY-99-188, this initiative has been developed to emulate the Office of Nuclear Reactor Regulation's initiative to improve the reactor oversight process, and has been coordinated with the efforts discussed in SECY-99-100, "Framework for Risk-Informed Regulation in the Office of Nuclear Material Safety and Safeguards."

DISCUSSION:

Staff and stakeholders have reached agreement on a number of features that the revised oversight program should have. These features include using risk-informed methods to measure facility performance, and employing a predictable, graded process to focus NRC oversight based on risk and acceptability of performance. The revised program will include a baseline level of oversight that will be carried out for all licensees through the core inspection program. The core program will focus on the most safety- and safeguards-significant plant activities, hazards, risks, controls, and management measures, and will supplement the performance indicator (PI) information volunteered by licensees. Significant implementation issues on which staff and stakeholders have reached consensus include:

- A framework for oversight (Figure 1, attached);
- The cornerstones of safety (Figure 2, attached); and
- A communications plan.

Stakeholders and staff also agree that successfully implementing these program revisions will depend on robust licensee problem identification, resolution, and corrective action programs.

Although internal and external stakeholders generally agree on the importance of completing the oversight program revision, licensees have raised the concern that ongoing activities within the Office of Nuclear Material Safety and Safeguards (NMSS) (including the oversight program revision and implementation of the newly revised 10 CFR Part 70) are competing for limited resources. To address this concern, a public meeting was held on September 13, 2000. As a result of this meeting, the oversight program revision project's work plan has been changed to reduce the impacts on stakeholder resources. These changes include relying more on the NRC public web page for commenting on program revisions, and reducing the frequency of public meetings to an as-needed basis, typically when requested by stakeholders. The work plan has been issued for stakeholder comment, and it lists the priority, sequence and schedules for completing the oversight program revisions in fiscal year (FY) 2001 and for implementing the changes in FY 2002. The staff will ensure that, prior to implementation, both internal and

¹Stakeholders participating in the oversight program revision include: private citizens; the Union of Concerned Scientists (UCS); the Nuclear Energy Institute (NEI); NRC licensees; industry contractors; the U.S. Environmental Protection Agency; the U.S. Occupational Safety and Health Administration; the U.S. Department of Energy; industry news media; and NRC staff.

external stakeholders have sufficient confidence that the revised oversight process will work; accordingly, the need for a pilot program is not being anticipated.

The next steps of this project include: completing the cornerstones for special nuclear material safeguards, and classified information and material safeguards; completing the development of PIs; developing processes and procedures for NRC oversight and crediting of licensee corrective action programs; and developing a process for determining the risk significance of NRC inspection results and other performance information. Additionally, the staff intends to begin soliciting stakeholder comments on inspection procedure revisions in the second quarter of the current fiscal year.

RESOURCES:

The FY 2001 and FY 2002 budgets include 2 full-time equivalent positions and \$38,000 each year for this project.

COORDINATION:

The Office of the General Counsel has reviewed this Commission paper and has no legal objections to its content.

The Office of the Chief Financial Officer has reviewed this Commission paper for resource implications and has no objections.

CONCLUSION:

The staff will continue to develop revisions to the fuel cycle facility oversight process in concert with internal and external stakeholders. The Commission will be kept informed of progress on these activities.

/RA by Frank J. Miraglia Acting For/

William D. Travers
Executive Director
for Operations

Attachments: A framework for oversight (Figure 1)
The cornerstones of safety (Figure 2)

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BRANCH ROUTING AND TRANSMITTAL SLIP

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COM INFO PAPER TO: Commissioners

FROM: William D. Travers

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ORIGINATOR: Pat Castleman

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REMARKS:

SECRETARY -

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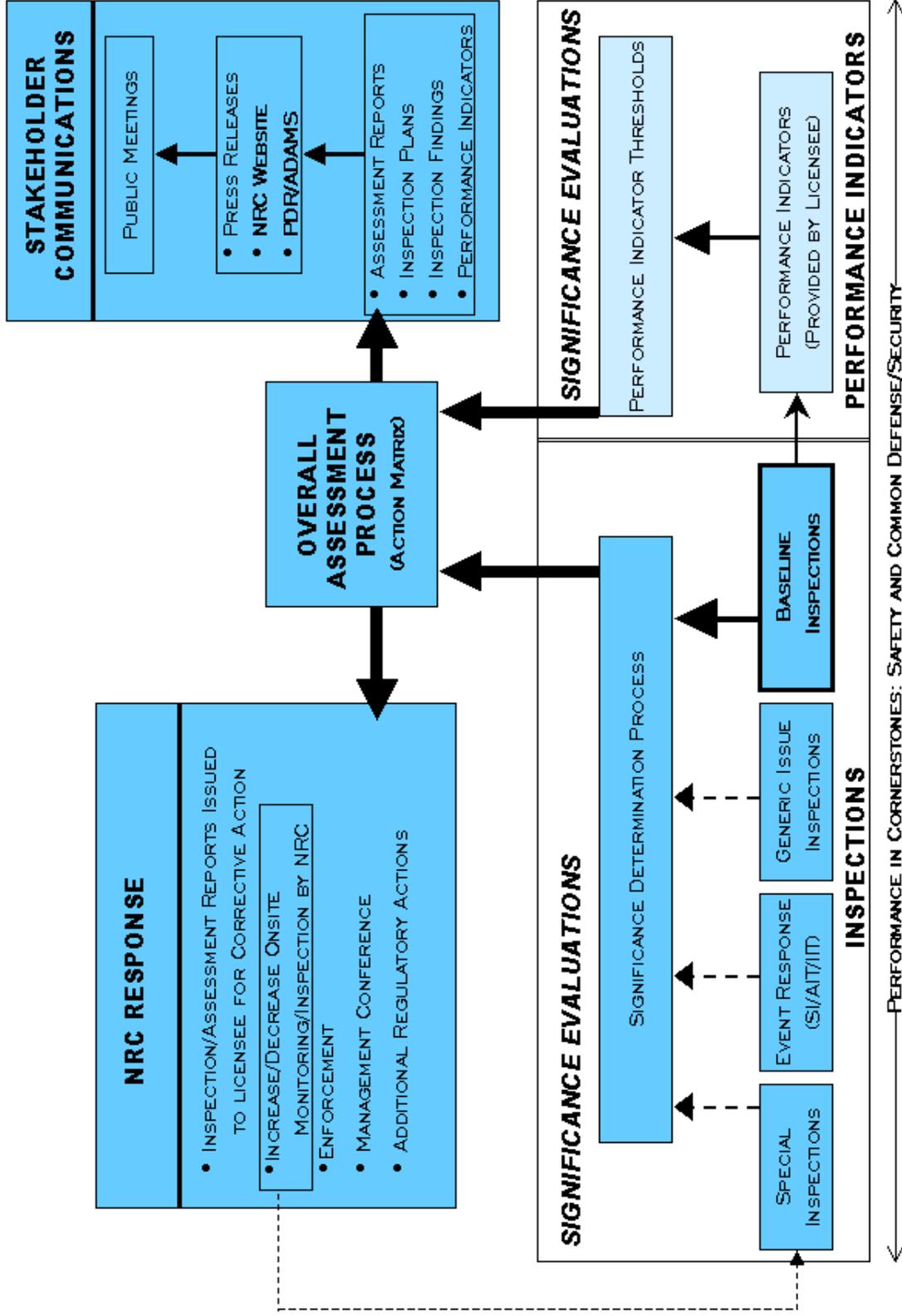
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FUEL CYCLE FACILITY OVERSIGHT FRAMEWORK

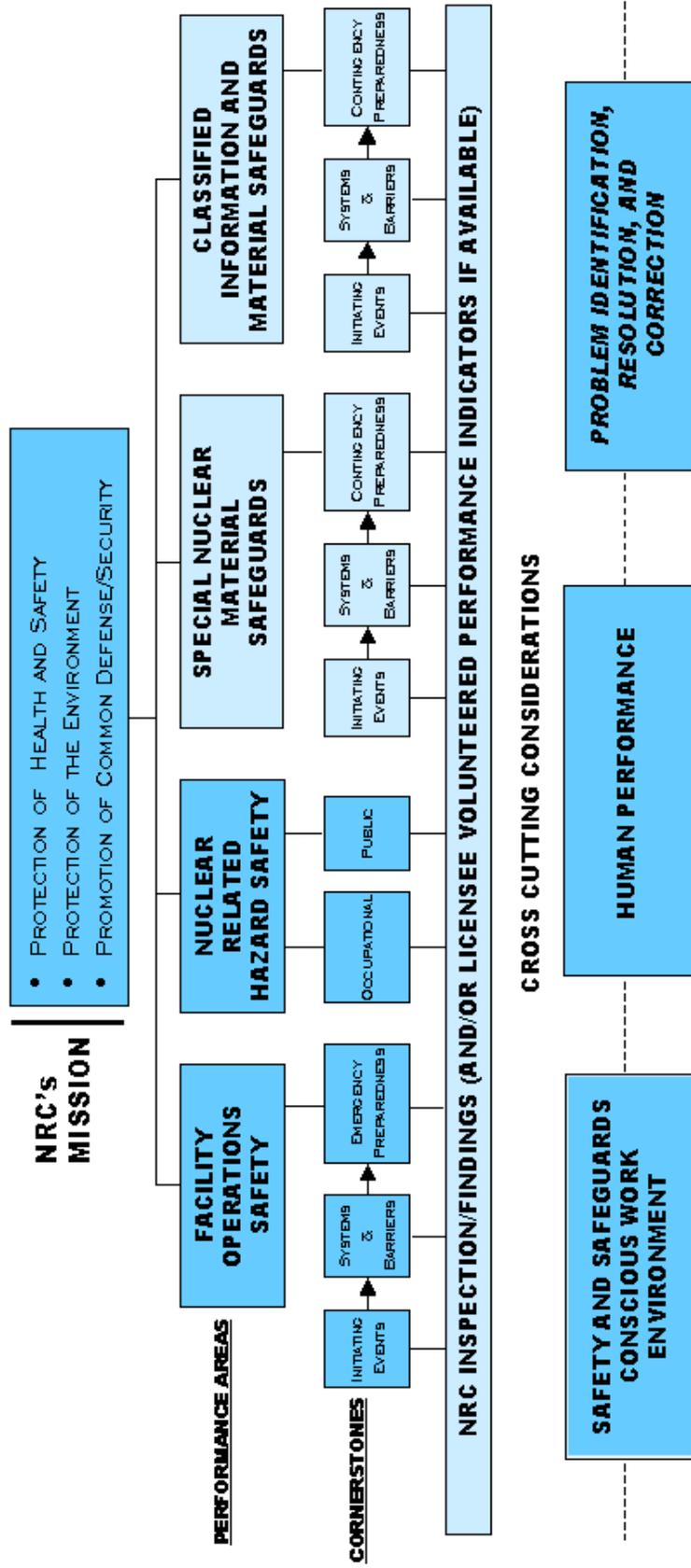


PERFORMANCE IN CORNERSTONES: SAFETY AND COMMON DEFENSE/SECURITY

FIGURE 1

FUEL CYCLE FACILITY CORNERSTONES

REASONABLE ASSURANCE NRC MISSION/GOALS ARE MET
WHEN CORNERSTONE OBJECTIVES ARE MET



NOTE: DARKER SHADING INDICATES AGREEMENT OR ALIGNMENT

FIGURE 2

