

September 27, 2000

Mr. Walter A. Simon  
Senior Vice President  
General Atomics  
3550 General Atomics Court  
San Diego, California 92121-1194

Dear Mr. Simon:

I am writing to respond to your letter of August 30, 2000, in which you request an explanation regarding the U.S. Nuclear Regulatory Commission's (NRC) possible participation in the safety and licensing evaluation of the Pebble Bed Modular Reactor (PBMR) by the National Nuclear Regulator (NNR, formerly the Council for Nuclear Safety, or CNS) of the Republic of South Africa (RSA). Your letter refers to an article in *Nucleonics Week*, which I assume is a report in the August 17, 2000, edition regarding a briefing provided to the Commission by the Office of International Programs (OIP). You also attached a copy of a 1997 letter from then-Chairman Jackson, which provided an explanation of the NRC's policy of not performing safety reviews of either power or research reactors to be sited outside the United States, including the TRIGA reactor that your company had agreed to export to Thailand.

Earlier this year, the NRC was informally made aware of the NNR's possible interest in having the NRC assign a staff member, at the NNR's expense, to work with that agency to develop a risk-informed approach that could be used to perform licensing reviews of advanced reactor designs, in general, i.e., the "technology-neutral" regulatory approach discussed in the article. As the article states, the NRC participated in a U.S. government visit to the RSA in February of this year, after which I made a formal offer of NRC assistance in a letter that I sent to RSA Minister Mlambo-Ngcuka in March. We have not received a response from the RSA to that letter.

As Dr. Jackson's 1997 letter to you explains, the NRC does work with other countries for the purpose of "enhancing their...regulatory skills." As you may be aware, the NRC has been developing a risk-informed approach to reactor regulation for several years, and is considered by other nuclear regulatory agencies to be a leader in the application of quantitative risk assessment techniques to regulatory decision-making. The purpose of our offer of assistance to the NNR is to facilitate the development of a risk-informed approach by the NNR for performing licensing reviews in the RSA, not to endorse the NNR's detailed safety review of

Eskom's PBMR design. Moreover, participation by the NRC in developing a technology-neutral approach may be of benefit to the NRC in the future, if we are called upon to review advanced reactor designs, such as those being contemplated in the U.S. Department of Energy's Nuclear Energy Research Initiative (NERI). Thus, the offer to collaborate with the RSA in developing a risk-informed regulatory regime for use by the NNR does not, in my view, conflict with the NRC's long-standing policy of not performing safety reviews of reactors being sited in other countries.

I trust that this letter addresses your concerns.

Sincerely,

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Richard A. Meserve