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FINAL REPLY:

NEI
Marvin S. Fertel

TO:
Chairman Meserve

FOR SIGNATURE OF : ** GRN ** CRC NO: 01-0400

DESC: ROUTING:
Licensing Process for Future Plants (Part 52,
ITAAC) Travers
Paperiello
Kane
Norry
Craig
Burns/Cyr
Thadani, RES

DATE: 08/14/01

ASSIGNED TO: CONTACT:
NRR Collins

SPECIAL INSTRUCTIONS OR REMARKS:

For appropriate action.

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AUTHOR: MARVIN FERTEL
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ADDRESSEE: RICHARD MESERVE
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NUCLEAR ENERGY INSTITUTE

Marvin S. Fertel

SENIOR VICE PRESIDENT
BUSINESS OPERATIONS

August 10, 2001

The Honorable Richard A. Meserve
Chairman
U.S. Nuclear Regulatory Commission
Mail Stop 016 C1
Washington, D.C. 20555-0001

Dear Chairman Meserve:

We appreciated the opportunity to participate in the July 19 Commission briefing on the agency's readiness to respond to new plant licensing activities. We are encouraged by the priority being given to new plant licensing and will continue, in the coming months, to keep you informed as the scope and pace of industry preparations for license applications becomes clearer.

In this regard, the next two to three years represent a period in which power companies will make business decisions on the first of what may be many new plant orders. A major factor in these business decisions will be the resolution of any uncertainties regarding the regulatory process for licensing new plants. We appreciate the efforts of the Commission in pursuing its Part 52 rulemaking to bring greater clarity to the licensing process, and believe there are opportunities where policy decisions would bring greater certainty to the process and improve its effectiveness. In the near-term, the Commission's decision on the applicability of ITAAC to operational programs offers a significant opportunity to bring greater certainty to the process, and to facilitate development of a comprehensive and effective ITAAC verification process. Likewise, timely decisions on the scope of NEPA reviews and treatment of previously reviewed and approved information at existing sites (subjects of recent NEI petitions for rulemaking) would also provide a better basis for industry decision making over the next few years.

During the next 12-24 months, business decisions will be made on whether or not to seek the first-ever early site permits and combined licenses under 10 CFR Part 52. By the end of this year, three power companies will make initial decisions on whether to move forward with their plans as discussed with you on July 19. Progress on resolving key issues and ensuring sound processes is central to establishing the confidence prospective applicants will need to continue forward, and for NRC effectively to review the applications.



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We are committed to work with the NRC and other stakeholders to address key regulatory and policy issues and to provide insights on industry priorities. As we outlined on July 19, the following near-term activities are vital to support informed business decisions on new nuclear projects:

- An update of Part 52, including consideration of the industry proposals for improving the focus and efficiency of the early site permit and combined license processes
- Policy determinations and initiation of rulemakings to update NRC financial-related requirements to accommodate merchant and modular plants
- A policy determination on “programmatic ITAAC” and establishment of a common understanding of the ITAAC verification process
- Development of early site permit application guidance and resolution of key policy issues this year, with a similar effort next year to develop combined license application guidance.

For longer term regulatory stability and to provide a consistent, risk-informed basis for assessing advanced new nuclear energy technologies, we have discussed with the NRC staff an alternative to the deterministic, light water reactor-focused regulatory framework provided by 10 CFR Part 50. This risk-informed regulatory framework would be based on existing NRC requirements and recent experience from establishing the revised Reactor Oversight Process. While not a prerequisite for the near term ESP and COL applications, it is important to get this effort started due to the considerable time required to develop the concept, obtain stakeholder input and complete the necessary rulemaking in 2004. We expect to begin detailed interactions with the NRC staff shortly.

NEI also supports the specific activities of our member companies that are considering near-term applications for an early site permit, design certification and/or combined license, and we are coordinating the overall industry activities with these companies. In this regard, we consider the pre-application reviews for the PBMR and AP1000 to be of high priority for the industry and, if decisions are made to pursue PBMR licensing and AP1000 certification, these activities would continue to be high priorities for the industry.

The attached chart provides an overall perspective on the scope and schedule of significant industry activities related to new plants. The chart depicts NEI activities; near term decision points for NEI member companies considering submittal of applications for early site permits, design certification, or combined construction and

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operating licenses; and nominal schedules for those member company activities, should they go forward. The chart underscores the importance of the next two years for resolving key issues and ensuring sound licensing processes as input to the imminent project decisions.

We are encouraged by the formation of the New Reactor Licensing Project Office and the capabilities of the staff being assigned to it. The scope of new plant licensing issues is broad, however, and will challenge the NRC, the industry, and other stakeholders to raise and resolve policy issues in a timely manner. We see a compelling need for the Commission to stay engaged and provide the same leadership that was key to the success of the Reactor Oversight Process and to establishing an efficient and predictable process for license renewal.

We look forward to continued interactions with the Commission, the NRC staff and other stakeholders in the coming months on updating NRC requirements and processes in a manner that ensures safety-focused, predictable and efficient licensing processes for future plants.

Sincerely,



Marvin S. Fertel

Enclosure

c: The Honorable Greta J. Dicus
The Honorable Edward McGaffigan, Jr.
The Honorable Jeffrey S. Merrifield
Dr. William D. Travers

