August 31, 2001

MEMORANDUM TO: Stuart A. Richards, Director
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

FROM: Michael L. Scott, Project Manager, Section 2 /RA/
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

SUBJECT: SUMMARY OF AUGUST 16, 2001, MEETING WITH COMBUSTION ENGINEERING OWNERS GROUP AND THE NUCLEAR ENERGY INSTITUTE ON LICENSEE SELF-ASSESSMENT WITHIN THE NEW REACTOR OVERSIGHT PROCESS

On August 16, 2001, the NRC staff met with representatives of the Combustion Engineering Owners Group (CEOG) and the Nuclear Energy Institute (NEI) to discuss licensee self-assessment within the new reactor oversight process. All handouts used at the meeting are available in ADAMS under accession no. ML012350147.

The staff began the meeting with a discussion of licensee self-assessment (LSA) study results to date. Topics included IP-40501 use during the previous reactor oversight process (ROP) and the Occupational Safety and Health Administration Voluntary Protection Program, a self-assessment precedent developed by a Federal agency other than the NRC for organizations within that agency's purview. The staff also discussed past service water inspection (SWOPI) self-assessments under the previous ROP. Some of the points made during these discussions included:

1. When given the option, licensees overwhelmingly decided to conduct self-assessments rather than submitting to a normal NRC-conducted inspection.

2. Under IP 40501, only "good performers" were permitted to conduct LSAs in lieu of NRC-conducted inspections.

3. The staff made a concerted effort for the SWOPI program to ensure that the licensee LSA efforts and the NRC in-process monitoring and post-LSA inspections were adequately complementary, so that the public could be confident that NRC's oversight function was not compromised by the LSA program. This typically required the NRC to exceed the <25 percent effort goal (relative to the effort required for regular, staff-conducted SWOPI site visits).

4. The SWOPI LSAs seemed thorough, and the licensee and contractor personnel conducting the LSAs appeared to be well qualified.

5. Two post-LSA reports were issued, one by the licensee and one by the NRC regional staff. The regional report addressed the adequacy of licensee performance (finding mixed results, but usually finding that the performance had been “adequate”).

6. It appeared that licensee burden was neither increased nor reduced as a result of the SWOPI LSA program.

7. A staff member commented that he believed an important benefit of LSA activity is licensee ownership of findings and corrective actions.

NEI representatives then commented on LSA activity in the ROP. Significant points included:

1. The NRC and industry both face extensive resource challenges, and a functioning LSA program can help the NRC shift resources to emerging new programs.

2. Roles and expectations need to be set in advance within any LSA program so that "spotty performance" is not permitted.

3. The NRC inspection planning and budgeting cycles, as well as licensee outage/engineering management and budgeting cycles, need to be taken into account.

A representative of the CEOG spoke on CEOG LSA activities. Significant points included:

1. Peer experts who participate in LSAs provide very useful critical comments and observations. In fact, due to the utilization of peer and licensee expertise in focused teams, LSA activity naturally leads to efficiencies and effectiveness. Stated another way, supporting the NRC staff during NRC inspections is relatively inefficient.

2. The ratio of peers to licensee personnel tends to have been in the 30 percent to 40 percent range.

3. CEOG LSAs are not currently risk-focused.

4. Particularly outside the engineering area, LSAs are being conducted independent of the NRC inspection schedule.

5. An NRC/NEI/Vendor working meeting would be an appropriate next step.

6. Two LSA reports should be issued. One should be issued publicly, discussing regulatory compliance issues. The other should be an internal report discussing "business improvements" (non-regulatory compliance issues) targeted at improvements in efficiency and effectiveness of licensee activities. (NRC resident and regional inspectors have access to all internal licensee documents without the need for public issue). It is important to preserve the ongoing non-regulatory compliance LSA activities.

7. Nine months is the planning horizon of licensee organizations, so LSA scheduling should occur at least that far in advance.

8. No licensee events reports (LERs) have been generated by CEOG LSA activities (which is not to say, necessarily, that risk-important, safety-significant, or design basis improvement-related findings can not be developed through LSA activity).

9. CEOG sees no reason why reportability criteria or reportability decisions should change for LSA findings. LSA findings can be treated like all other information developed by the licensee organization.

NEI then briefed the attendees on the Boiling Water Reactor Owners Group (BWROG) North Anna probabilistic risk assessment (PRA) self-assessment. Points made included:

1. Independent Plant Examinations (IPEs) varied due to a number of factors. In some cases variations were based on plant design differences. However, in many cases it was due to differing assumptions and/or differing methodologies. Also, some developers were more conservative, while others were more simplistic in their approaches.

2. At North Anna (observed by David Lochbaum of the Union of Concerned Scientists [UCS] and Michael Markley of ACRS [who is writing a trip report]), the BWROG's 211 evaluation elements were applied in 11 separate IPE development areas. The overall BWROG PRA self-assessment result for each IPE is one of three conditions:

   - The IPE is basically useful, but at a relatively high level.
   - The IPE is detailed enough to be useful for risk and regulatory decision-making.
   - The IPE is so detailed and the methodology is so appropriate that risk-based approaches are feasible.

3. Related document NEI 00-02 is a process for PRA peer evaluation using contractors and licensee peers. The results are in the form of a grade, strengths, weaknesses and recommendations. NEI believes that application of NEI 00-02 leads to quality improvements and enhanced public confidence.

During the second (last) session of the meeting, all attendees were asked to provide their opinions on two main questions:

- What are your top "pros" and "cons" with respect to possible LSA activity within the new ROP?
- What should the next steps of the NRC be with respect to its study of possible LSA activity within the new ROP?

Top LSA "pros" as identified by industry participants:

- "Bang for the licensee dollar."

- "Cross-pollenation" of industry best practices and skills in both LSA and technical areas. Lower performers will likely benefit most. It was suggested that the LSA structure could take this into account by, for example, requiring a high percentage of peers on LSAs conducted at lower performing reactor plants.

- Opportunity for NRC resources to shift to new programs (e.g. future licensing).

- It is a matter of when, not if, so why not now?

Top LSA "cons" and issues as identified by industry participants:

- Potential pitfall: If future LSAs are too structured (with prescribed lines of inquiry), implementation creativity will not be allowed, so latent problems will not be readily identified.

- Licensee flexibility would be reduced by keeping to an NRC official LSA schedule.

- Licensees tend to conduct narrow, rather than broad, assessments (which may not be equivalent to NRC ROP baseline activities).

- Mutual confidence between the NRC and licensees may be a challenge.

- Public confidence is a clear challenge for this potential paradigm shift.

- Does the fact that CEOG LSAs resulted in no LERs indicate that CEOG LSAs are not robust (recognizing that CEOG LSAs were not risk focused)? Or is the true measure of LSA effectiveness something else, like the number of risk-significant or safety-significant findings, or the number of design basis findings? Should LSAs approaches be compliance, performance, system-based, or functional?

- Are the goals of CEOG LSAs different from the goals of NRC inspections? That is, are the CEOG LSAs focused on performance and system improvement, while the NRC inspections are focused on compliance? What adaptations are needed if this disconnect is real? Should LSAs therefore continue outside of “official” LSAs?

- How will the NRC handle inadequate LSA efforts on the part of licensees?

- Whatever happens, ensure that safety is maintained or improved, and regulatory burden is appropriately minimized. “The devil is in the details,” and the “cons” should be given strong weight.

The industry participants made the following recommendations for the next NRC steps with respect to study of possible LSA activity within the new ROP:

- Conduct a public and industry LSA workshop.
- An NRC/NEI/industry working group, similar to the ROP working groups, should meet before any workshop to develop agenda items. Working together on this issue is likely to be challenging, and cooperative efforts should be early in the process.
- NRC should make a commitment to LSA (e.g., a schedule of activities).
- NEI should be charged with developing an LSA standard procedure/guidance document.
- Pilot plants should be selected.
- The basic purposes, goals and objectives of LSA activities should be developed as a first step. LSA program requirements should then be developed. Only then can the compatibility of current LSA activities be assessed. Piloting is not an appropriate initial step.

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Attachment: Meeting Attendees

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cc:
Mr. Gordon C. Bischoff, Project Director
CE Owners Group
Westinghouse Electric Company
CE Nuclear Power, LLC
M.S. 9615-1932
2000 Day Hill Road
Post Office Box 500
Windsor, CT 06095

Mr. Richard Bernier, Chairman
CE Owners Group
Mail Stop 7868
Arizona Public Service Company
Palo Verde Nuclear Generating Station
P.O. Box 52034
Phoenix, Arizona 85072-2034

Mr. Charles B. Brinkman, Manager
Washington Operations
Westinghouse Electric Company
CE Nuclear Power, LLC
12300 Twinbrook Parkway, Suite 330
Rockville, MD 20852

Mr. Virgil Paggen
CE Nuclear Power LLC
M. S. 9383-1922
2000 Day HIll Road
Windsor, CT 06095-1922

Mr. Philip W. Richardson, Manager
Windsor Nuclear Licensing
Westinghouse Electric Company
CE Nuclear Power, LLC
P.O. Box 500
2000 Day Hill Road
Windsor, CT 06095-0500

MEETING WITH COMBUSTION ENGINEERING OWNERS GROUP AND

NUCLEAR ENERGY INSTITUTE ON LICENSEE SELF-ASSESSMENT WITHIN

THE NEW REACTOR OVERSIGHT PROCESS

AUGUST 16, 2001

ATTENDANCE LIST

COMBUSTION ENGINEERING OWNERS GROUP

G. Bischoff
C. Gimbrone

NUCLEAR ENERGY INSTITUTE

S. Floyd
T. Houghton

UTILITIES

P. Loftus (Excelon Generation)
J. Chase (Omaha Public Power)
W. Warren (Southern Nuclear)
T. Pickens (Nuclear Management Company)
M. Winsor (Arizona Public Service)
M. Wearton (Southern California Edison)
S. Bauer (Arizona Public Service)
R. Ritzman (Public Service Electric and Gas)
S. Ferrell (Tennessee Valley Authority)
G. Cavanaugh (Omaha Public Power District)
G. Gibson (Southern California Edison)
A. Halliday (Entergy NNE)
W. Holston (Constellation Nuclear)
H. Valenta (Constellation Nuclear)

INSTITUTE OF NUCLEAR POWER OPERATIONS

D. Hembree

OTHER NON-NRC PARTICIPANTS

D. Raleigh (Scientech)
L. Hay (SERCH Bechtel)

NRC

L. Whitney
M. Scott
M. Satorius
K. Brockman
J. Peralta
R. Bernhard
M. Johnson
D. Norkin
W. Lanning
S. Wong
B. Bernhardt
J. Grobe
A. Howell
B. Bonser