

January 29, 2002

The Honorable Barbara A. Mikulski
United States Senate
Washington, D.C. 20610-2003

Dear Senator Mikulski:

I am responding on behalf of the Nuclear Regulatory Commission (NRC) to your letters of November 7 and November 14, 2001, concerning the proposed reactivation of the Cove Point liquified natural gas (LNG) terminal and its proximity to the Calvert Cliffs Nuclear Power Plant.

As part of its licensing basis and as specified in the Final Safety Analysis Report for the Calvert Cliffs plant, the licensee must demonstrate site suitability, in part, by evaluating the effects of accidents that could result from the operation of the Cove Point facility. The licensee is also required to submit a revised analysis when modifications are made to the LNG facility that could impact the safety of the Calvert Cliffs plant.

In 2001, the licensee informed the NRC that the owner of Cove Point intended to reactivate the terminal for importing LNG by ship in 2002 and to build an additional storage tank on site. The licensee has since assessed the effects of the proposed changes to Cove Point, and the conclusions of this assessment will be provided to the NRC for review when the licensee's actions are complete.

In a safety evaluation issued August 31, 1995, the staff assessed the risks corresponding to the most credible accidents that might impact the safety of the nuclear plant and the independent spent fuel storage installation. Although the owners of Cove Point did not plan to import LNG by ship at the time of this evaluation, the NRC examined the potential hazards associated with shipping to ensure that shipping would not invalidate its conclusions. These scenarios included release of LNG from a cargo tank on board a tanker caused by collision with another vessel, an explosion aboard a tanker, and an accident while unloading. In evaluating the consequences of the spilled LNG, the NRC staff considered the properties of LNG and its ability to vaporize, move toward Calvert Cliffs, ignite, and create an area of overpressure. The NRC staff concluded that, for the types of accidents that were considered to be most credible, the resulting ignition and overpressure would occur at sufficient distance from Calvert Cliffs as not to cause damage impacting the safety of the units.

In response to the recently proposed reactivation of the shipping terminal at Cove Point, the NRC has briefly reviewed the environmental assessment which was prepared by the Federal Energy Regulatory Commission (FERC). The environmental assessment indicates that the proposed frequency of ships arriving at the facility is less than that evaluated in 1995. However, no study to date has considered the potential impact of terrorism. The NRC will review the licensee's analysis in the context of its earlier evaluation, and considering the current

security concerns, will take actions as appropriate consistent with the agency's approach to handling potential terrorist activities.

I assure you that the NRC was an active participant in FERC's reconsideration of the Cove Point facility. The NRC staff maintained communication with FERC regarding this facility and participated in the November 16, 2001, technical conference with FERC and other stakeholders, including the Coast Guard, the Department of Transportation, the Department of Energy, and the owners of Cove Point. The NRC staff will also continue to maintain communication with FERC and other appropriate Federal agencies regarding this facility to ensure the protection of the health and safety of the public in the vicinity of the Calvert Cliffs Nuclear Power Plant.

If you have any further questions, please feel free to contact me.

Sincerely,

/RA/

Richard A. Meserve