

January 2, 2002

MEMORANDUM TO: Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield

FROM: Richard A. Meserve */RA/*

SUBJECT: TRAVEL TO SPAIN

I visited Spain from October 24-26, 2001, to confirm NRC's interest in continuing cooperation with our counterpart regulatory agency, the Consejo de Seguridad Nuclear (CSN). During my visit to CSN, I was accompanied by Mr. Michael Tschiltz, my chief of staff, Ms. Janice Dunn Lee, Director, Office of International Programs, and Ms. Laura Lochman, the energy officer at the U.S. Embassy in Madrid. While in Spain, I met with CSN officials, participated in the 27th annual Spanish Nuclear Society Scientific Technical Congress, and called on the Chargé d'Affaires at the U.S. Embassy in Madrid. The visit was the result of a long-standing invitation to participate in the Spanish Nuclear Society Conference, visit the El Cabril low-level nuclear waste facility, and meet the new Chairman and Commissioners of the CSN. Despite the need to shorten the visit due to circumstances resulting from the September 11th events, I had an excellent opportunity to discuss matters of mutual interest and reinforce cooperative mechanisms with CSN.

Meeting with US Embassy Madrid

On October 24, I met with Ms. Heather Hodges, Chargé d'Affaires at the U.S. Embassy in Madrid. We discussed the events of September 11 and the basis for European concerns about nuclear terrorist activities, as well as chemical and biological threats. I emphasized the importance of the longstanding and beneficial NRC/CSN nuclear regulatory relationship.

Ms. Laura Lochman presented a briefing on the status of the energy situation in Spain. According to the Spanish Electricity Industry Association (UNESA) report, "Spanish Nuclear Power Plants in 2000", Spanish electricity production (by nuclear means) reached 62,206 million kWh in 2000, a historic record. The Spanish government continues to regulate electricity prices, but will gradually liberalize them in accordance with European Union (EU) directives. EU rules also mandate that Spain allow "alternative suppliers" to provide electricity. Today, alternative energy (wind, solar, and hydro) suppliers provide about six percent of Spanish electricity.

Meeting with CSN in Madrid

On October 25, I met with the new CSN Chairman, Maria Teresa Estevan Bolea, and other members of the Commission. The CSN, patterned after the NRC, is comprised of a Chairman and four Commissioners. Chairman María Teresa Estevan Bolea, Commissioner Carmen Martínez Ten, and Commissioner Julio Barceló Vernet were all

appointed to the CSN in June 2001, and join standing Commissioners Jose Angel Azuara and Paloma Sendín.

The meeting began with an overview of the Spanish regulatory agency by Commissioner Sendín. CSN, established in 1980, is the only Spanish institution responsible for nuclear safety and radiation protection. Ninety-three percent of the CSN budget is comprised of license fees, which support a wide variety of functions including, but not limited to, public information, promotion of safety research, radiation protection for workers, and emergency planning. In order to perform its regulatory and safety function, CSN conducts an estimated 150 safety inspections of nuclear power plants each year.

After the brief introduction, Chairman Estevan, the Commissioners, and I held candid discussions about a variety of topics. CSN raised many security-related issues resulting from the terrorist attacks on September 11, including the need to re-evaluate the design-basis threat. I outlined steps the NRC is taking to re-evaluate the current design-basis threat and other regulatory policies on safeguards and security.

I noted that the NRC removed its on-line web-site for re-evaluation and is now slowly repopulating the web-site with information that has been reviewed concerning potentially sensitive information. I emphasized how challenging this was for the NRC, since stakeholder involvement and transparency are key principles in execution of our responsibilities, and that we are currently struggling with the delicate balance between openness and security. CSN responded by saying that NRC's new policy on its web-site has affected CSN's work because CSN relies heavily on NRC's web-site for information. I offered to work with CSN to provide alternate communication mechanisms, if necessary.

CSN expressed interest in the future of U.S. nuclear energy. I described various aspects of President Bush's National Energy Plan, including our active program on license renewal and our efforts to prepare for the regulatory challenges posed by new construction. While some elements of the energy plan remain controversial, the nuclear aspects have not drawn significant criticism, which suggests that nuclear energy will continue to be significant in the future energy mix. I emphasized, however, that the full effort of September 11th remains uncertain.

Personnel exchanges between NRC and CSN was another topic of interest. CSN is interested in sending technical personnel to NRC for periodic assignments in areas of interest to the Spanish regulator. I agreed that NRC would consider hosting one or two Spanish assignees for a period of no less than six months.

CSN was interested in knowing what additional measures have been taken in the U.S. to improve the security of radiation sources in light of the events of September 11th. I explained that responsibility is divided between the NRC (25 percent) and the Agreement States (75 percent). Safeguards advisories have been issued to materials licensees, directing them to ensure that radiation sources are secure, packages are examined, and trucks that transport the materials are safe and secure. In the U.S., there are 22,000 sources that are specifically licensed and 200,000 under a general license. However, the current focus is on the limited number of sources that could be developed into radiological dispersion devices. I explained that NRC is advising practical security measures to protect these sources.

Questions were also raised about the regulation of medical uses of radiation. I explained that this continues to be a controversial area, although NRC does not intend to regulate medical decisions. I explained that medical doctors in the U.S. have a very strong political voice and have pursued proposed legislation in Congress to bar implementation of the 10 CFR Part 35 revision on the medical use of isotopes.

Meeting with CSN Technical Managers

In a meeting with CSN technical managers, licensing of next generation nuclear power plants was discussed. I explained that the licensing process can involve design certification, early site permits, and conditional licenses. I mentioned that, while the NRC has certified three new designs, no utility has yet filed an application for a construction permit or combined license. CSN staff noted that interest in licensing next generation nuclear power plants has not yet been expressed in Spain. However, CSN is considering instituting a policy like NRC's Part 54 for license renewal, and may ask to send CSN personnel to NRC to learn more about NRC's process of license renewal.

The technical directors inquired about the U.S. policy governing the use of mixed oxide fuel in the United States. I explained that the current application before the NRC is limited to excess weapons plutonium not reprocessing of spent fuel.

Tour of Sala de Emergencias "SALEM" and the Public Information Center

Following this discussion, I toured the CSN emergency center (Sala de Emergencias or "SALEM"). SALEM is considered to be the nerve center established at the national level for notification, information, tracking, analysis, and assessment of nuclear accidents or radiological emergency situations that might arise in the national territory of Spain or outside of Spain, but have real or potential repercussions in Spain. SALEM consists of four operating rooms (emergency management room, radiological analysis room, operating analysis room, and technical support group room) separated by glass partitions, somewhat similar to the NRC Operations Center. The emergency center is located in the basement of the CSN headquarters and constitutes a restricted area.

From there, I toured the CSN public information center, which appeared to be a very effective public outreach tool. CSN's Information Center is a permanent, interactive center established in 1998. The center is open to the public and its aim is mainly to educate schoolchildren on radiation, its risks, and the work of CSN. The center was designed and built to display twenty-nine modules that provide interesting, highly interactive displays. This center is a model if the NRC were to expand its educational efforts.

Meeting with CSN Staff

After the tour, I met with CSN staff in a large forum and participated in a question-and-answer session. I had an opportunity to share information about how NRC is providing guidance to the licensees on security-related issues as a result of the events of September 11th, and how NRC is undertaking an examination of our security regulations, including our own internal processes. I described the significant change in the regulatory environment in the U.S., aided by several different catalysts, including cheap electricity from nuclear power plants (NPP), volatile fossil fuel prices, increasing stringent emission restrictions

for fossil sources, and a changed political environment. As a result, there have been new government and industry initiatives to accommodate NPP life-extension and the possibility of new NPP construction. I concluded by discussing the issue of spent fuel, including the security-related issues surrounding the transportation of spent fuel.

The CSN staff asked a variety of pertinent questions. One question concerned the consolidation of nuclear operating companies in the U.S. I explained that we are cautiously optimistic about the benefits of consolidation because of the prospect of maintaining greater skills within the company and having sufficient cooperate resources to ensure that nuclear operations are managed at power plants. I acknowledged, however, that the concerns about consolidation, including possible reductions in manpower, bear watching.

One final question asked by Ms. Isabel Mellado, who visited NRC in July 2001 to discuss regulatory process efficiency in the U.S., dealt with my impression about the NRC's new oversight process. I pointed out that NRC, as well as some critics of the nuclear industry, acknowledge the program's success in several respects, as do our licensees. However, there are issues associated with some of the performance indicators, such as the current thresholds. Some modifications have been recommended and are under consideration.

Spanish Nuclear Society Conference in Valencia

On October 26, accompanied by CSN Commissioner Paloma Sendín, I traveled to Valencia to participate in the Spanish Nuclear Society's Twenty-Seventh Annual Scientific Technical Congress.

During Plenary Session II, I presented a talk entitled, "The Security of Electricity Supply and the Role of Nuclear Energy." (A copy is attached). The other panelists addressed present and future technological and legal problems in ensuring an adequate and sufficient electricity supply. On the panel with me were: Mr. Robert A. Laurie, Commissioner, California Energy Commission (U.S.); Mr. Veijo Ryhanen, General Manager of Posiva (Finland); Mr. Lucas Mampaey, Manager, Doel Site Group (Belgium); Mr. Adolfo García, Chairman of the Spanish Nuclear Industry Forum (FORO); and Mr. Javier Pinedo, former Chairman of the UNESA Nuclear Committee and Director of electricity generation at IBERDROLA and future Chairman of NUCLENOR, a subsidiary of IBERDROLA (Spain).

Of note were Mr. Robert Laurie's comments that the 2001 California experience should not be considered a typical model for deregulation. One of the difficulties in California was that there was limited success in luring investors into the energy market, given that there was a price cap on rates. The crisis was exacerbated when there was an increase in the use of electricity with no new sources of power. Mr. Laurie offered several criticisms about the California electricity situation, including one that centralized decision making authority was primarily in the Governor's office. That being the case, most of the decisions were made on a short-term basis, taking into consideration the political outcome instead of the long-term economic effects.

Mr. Laurie proposed that independent review of the energy situation and a capacity to make decisions free from political turmoil would improve the situation.

After the closing session, at the request of CSN, I gave an interview for an article in the Spanish Nuclear Society magazine. The issues raised included the globalization and the future of regulatory bodies, the status of the Yucca Mountain project, consequences of the events of September 11th, and the future of nuclear power in the U.S.

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