

March 12, 2002

Mr. Gary Holahan, Director
Division of Systems Safety & Analysis
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2739

Dear Mr. Holahan:

This letter responds to your letter dated December 4, 2001, regarding NRC review and use of the MAAP computer code in the reactor licensing process. You noted that NRC, EPRI, and NEI agreed during a December 15, 2000 meeting at NRC to consider a future review of MAAP by the NRC staff. We believe that the NRC staff and industry would both benefit from a greater staff understanding of the MAAP code. We also agreed during that meeting to provide information on MAAP user guidance to NRC. Also during that meeting, we addressed and resolved NRC concerns regarding differences between MAAP and RELAP/SCDAP, as evidenced in partially conflicting analyses of thermally induced steam generator tube rupture scenarios.

Prior to that December 2000 meeting, NRC review of the MAAP code had been a topic of discussion at NRC-NEI senior management meetings. At the September 26, 2000 meeting, NRC (Brian Sheron, Margaret Federline) agreed that NRC has no desire for a formal topical report review requiring issuance of a safety evaluation report (SER). What NRC needs is sufficient understanding of MAAP to make adequacy determinations on risk-informed submittals.

On numerous occasions, I have discussed with NRC senior management EPRI's willingness to support a focused review of the MAAP code, linked to likely generic and utility-specific applications, noting that both industry and NRC have limited resources, that a focused review without a formal topical submittal and SER matches our prior precedent for MAAP-3B, and that a focused review offers the opportunity to reach closure of this issue while minimizing resources.

Even though industry has not requested an NRC review of MAAP code, we provided the code to NRC at its request in 2000 and remain committed to aiding NRC in its quest to better understand the code and its applications. I understand this issue was raised again at the October 5, 2001 NRC-NEI senior management meeting, and I agree we need to meet soon to decide how to proceed. However, I have serious funding limitations that I must review with you so that we can jointly identify a success path that supports both NRC and industry needs and constraints. As

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discussed at our December 2000 meeting, we expect that MAAP-4 will be used increasingly to address regulatory and licensing issues. However, we do not anticipate a near-term rush of applications, so there is ample time to exchange information and plan a review process that is targeted to match the anticipated usage areas and timing.

My resource constraints are formidable. Due largely to the nearly half-million dollar review fee bill received from NRC for its RETRAN-3D review, the EPRI Nuclear Power Council (NPC) decided at our February 2002 meeting that EPRI's Plant Analysis & Safety "Target" and advisory committee must close out EPRI's base-funded code development program. The NPC, comprised of utility executives representing every nuclear plant licensee in the U.S. plus many foreign utilities, voted at this meeting to "sunset" the Plant Analysis & Safety Target, effective at the end of 2002, with all remaining resources currently allocated to this target to be committed to liquidating the NRC bill and related project close-out expenses.

The sunset decision preserves other EPRI R&D in the nuclear safety area under our "Risk & Reliability" Target, which is focused primarily on support to NEI and utility members in the risk-informed regulation area (Options 2 and 3). The sunset decision also preserves the many EPRI code user groups, on a self-sustaining, cost-recovery basis, thus allowing ongoing forums and information exchanges among users to continue. The MAAP Users Group (MUG) and similar users groups exchange information on computer code applications, sponsor "bug fixes" to maintain code quality, and encourage standardization among similar applications.

These code users groups, now reporting the Risk & Reliability (R&R) Committee, typically do not fund NRC reviews. The MUG has specifically rejected a request to cover the expenses associated with an NRC review of MAAP. The new relationship between these code users groups and the R&R Committee has not yet developed, but there is a chance that we could make a case for utility support for a MAAP review to this committee and then to the NPC. My opinion today is that our only chance of obtaining utility approval to support an NRC review of MAAP will be via one or more specific applications of MAAP that are seen as generic applications that many utilities would use and that clearly provide benefits to our members. Such benefits would accrue from either resolving one or more generic safety issues, or helping support one or more generic risk-informed regulatory improvements. Without a reasonable expectation of "return on investment," I doubt my ability to obtain the funds needed to support an NRC review of MAAP.

Under our member-specified policies governing utility advisory committee responsibilities and EPRI's annual solicitation process, I have very few discretionary funds to apply to activities not specifically covered by the utilities' annual allocation of funds, by "target" area. The discretionary funds I do have access to are earmarked by our members for activities such as long-term research that don't match the task of funding an NRC review of MAAP.

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Therefore, I propose we meet sometime in the next three months to discuss a mutually supportive success path. We will ask NEI and cognizant utility advisors to support this meeting. We have the primary responsibility to prepare for this meeting, since we need to update our understanding of likely future MAAP applications and determine which ones could provide sufficient benefit to our members to justify their funding of this effort. Any insights that NRC has regarding likely applications, especially related to potential Option 3 efforts, would be greatly appreciated.

Your December 4, 2001 letter contains a statement, "The review costs will be billable to the organization submitting the topical report." We assume this statement refers to non-generic, plant-specific applications of the code that would follow a generic NRC review of the MAAP code in support of downstream reviews. We agreed during the December 2000 meeting that a waiver of review fees for the generic review of MAAP should be acceptable. We also agreed to conduct the review under the NRC-EPRI MOU. We mentioned this understanding in our April 18, 2001 letter to the Commission to appeal the CFO's denial of fee waiver for RETRAN-3D. This resulted in an exchange of communications with NRR management in May 2001 to review the discussions of the December 2000 meeting regarding fees. In the Commission response to our appeal letter, NRC stated that it has not [yet] granted a waiver of fees for review of MAAP-4.

Clearly, the fee waiver issue is not settled. However, as you know based on EPRI comments at the recent Regulatory Information Conference, we believe that the CFO's evolving policy on fee waivers is seriously flawed and counterproductive to the mutual interests of NRC and industry to work cooperatively to address safety issues and opportunities for generic regulatory improvement. The CFO's policy interpretations are not consistent with our understanding, nor NRC's past practices, relative to the provisions of Part 170, and work against the NRC's performance goals to make NRC activities more effective and efficient and to reduce unnecessary burden on stakeholders.

We need help from NRC senior management to resolve this impasse. Industry needs the ability to communicate openly with NRC to identify the appropriate actions and rationale sufficient to satisfy the Part 170 waiver criterion, "As a means of exchanging information between industry organizations and the NRC for the purpose of supporting NRC's generic regulatory improvements or efforts." However, we have been criticized by the CFO for such discussions.

There are other details from our agreements during the December 2000 meeting and from your December 2001 letter that form a constructive foundation for a future meeting to define a path forward. We will contact you to identify a meeting date for NRC, NEI, and EPRI management.

Thank you for your continued interest and persistence in getting our support for a MAAP review. A generic review of MAAP under the guidelines discussed above is an important step toward

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increased use of this excellent code for resolution of regulatory issues as well as other generic regulatory improvements. A good NRC staff understanding of MAAP will have major benefits to both NRC and industry through increased manpower efficiency and lower overall costs for subsequent design-specific reviews. We remain committed to supporting NRC's request, within our financial constraints, and look forward to a productive meeting in the near future.

Sincerely,



Theodore U. Marston, Ph.D.
Vice President & Chief Nuclear Officer

TUM/bjr/9760M

c: Sam Collins
Brian Sheron
Jack Strosnider
Jerry Wermeil
Suzanne Black
Ashok Thadani (RES)
Bill Bohlke (Exelon)
Ralph Beedle (NEI)
Alex Marion (NEI)
Bob Bishop (NEI)