

POLICY ISSUE INFORMATION

November 8, 2002

SECY-02-0198

FOR: The Commissioners

FROM: William D. Travers
Executive Director for Operations

SUBJECT: CHANGES IN STAFF REGULATORY OVERSIGHT OF
DECOMMISSIONING COMMERCIAL NUCLEAR POWER
REACTOR PLANTS

PURPOSE:

This paper informs the Commission of changes in staff regulatory oversight of decommissioning commercial nuclear reactor plants. Project management responsibility is being transferred from the Office of Nuclear Reactor Regulation (NRR) to the Office of Nuclear Material Safety and Safeguards (NMSS) earlier in the decommissioning process, to take advantage of NMSS' regulatory expertise in overseeing decommissioning and waste storage facilities.

BACKGROUND:

Currently, as set forth in the March 15, 1995, "Memorandum of Understanding (MOU) Between NRR and NMSS," project management responsibilities are transferred from NRR to NMSS only after the nuclear fuel has been safely removed from the spent fuel pool. As a result, NRR has maintained regulatory oversight of 15 decommissioning plants for many years after the reactors have ceased operation. These plants are either in long-term safe storage or actively working

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toward license termination. These 15 plants have more in common with decommissioning materials licensees temporarily storing and disposing of radioactive waste than commercial reactor plants licensed to operate.

DISCUSSION:

The staff has concluded that for efficiency interests transfer, to NMSS, of project management oversight of these facilities earlier in the decommissioning process would result in improvements because NMSS provides regulatory oversight of: (1) out-of-reactor spent fuel storage; (2) disposal of low-level and high-level radioactive wastes; and (3) decommissioning of facilities when their licensed functions are over. Moreover, NMSS has ongoing programmatic oversight regarding decommissioning. Similarly, for power reactors that permanently cease operations in the future and undertake decommissioning, the staff has concluded that the efficiency and effectiveness of regulatory project management can be improved, without affecting licensees, by changing the point at which project management transfers from NRR to NMSS. This decision to change NRC's regulatory oversight strategy for future decommissioning plants is based on the following activities that have been undertaken over the last few years: (1) an interoffice working group that evaluated the decommissioning inspection program and its associated budget; (2) a Decommissioning Management Board to facilitate interoffice (and interregional) coordination, communication, and operating strategy; and (3) insights gained from annual decommissioning counterpart meetings. The plan to transfer responsibilities to NMSS allows NRR to focus its resources on activities associated with operating reactors.

The process of transferring responsibilities is depicted in the Attachment, "Transfer of Commercial Nuclear Power Plants from NRR to NMSS." This "road map" will be used to transfer plants from NRR oversight to NMSS that decommission in the future. This process will ensure that a decommissioning commercial power plant will be in a safe, stable condition before being transferred from NRR to NMSS. This condition will be determined by the successful completion of regulatory and safety milestones that ensure that the plant and its licensing basis, in effect, more closely represent a materials licensee temporarily storing and processing radioactive waste than a commercial power reactor.

Following the "road map" ensures that the commercial power plant is in a condition that minimizes any reactor-related regulatory or safety issues that may arise during or after the transfer of the facility to NMSS. It ensures that the plant is safely shut down and defueled. It also ensures that potential accidents, events, or site activities do not adversely affect co-located facilities. Lastly, it ensures that the facility's licensing basis has been amended to reflect the permanently shut-down and defueled status of the reactor.

The "road map" and the specific staff instructions on the transfer process are provided in two guidance documents that the staff is developing to ensure that future transfers occur efficiently and effectively without burden on the licensee. These procedures will require interoffice concurrence for changes and when implemented will supersede the coordination and communication agreements in the MOU.

Project management oversight of the current decommissioning commercial nuclear reactor plants will be transferred by: (1) shifting 13 of the 15 NRR decommissioning plants to NMSS, under a phased approach; and (2) changing the point at which a future permanently shut-down

and defueled nuclear power plant transfers from NRR to NMSS. This action does not modify, amend, nor otherwise affect the safety or licensing bases of any plant, the governing rules and regulations, licensee activities, or public outreach initiatives. In the first phase, oversight for six reactors (Trojan, Three Mile Island 2, LaCrosse, Rancho Seco, Yankee Rowe, and Humboldt Bay) will be transferred. This phase will be completed by the end of November 2002. In the second phase oversight for seven reactors (Haddam Neck, Maine Yankee, Dresden 1, San Onofre 1, and Zion 1 and 2) will be transferred. The second phase will be completed by the end of January 2003. The Millstone 1 and Indian Point 1 reactors will not be transferred at this time due to extensive external stakeholder interest in these sites (for both the operating and decommissioning plants) that makes it more efficient for NRR to retain, as a single point of contact, project management responsibilities for the permanently shutdown units. There is minimal decommissioning activities at these two sites.

This transfer of regulatory oversight will positively contribute to NRC performance and achieve the goals of NRC's Strategic Plan, because the realignment eliminates the need for redundant licensing project managers and consolidates the staff, working on commercial nuclear power reactor decommissioning, into one office. Further, this realignment improves the use of NRR and NMSS staff by ensuring NRR operational expertise and experience in transitional activities and NMSS expertise in dismantlement, decontamination, and license termination. It secures NMSS decommissioning expertise shortly after a reactor is permanently shut down and shifts NRR safety oversight back to operating nuclear reactors. To ensure the availability of NRR expertise, should NMSS require technical assistance, a management matrix approach will be used by way of coordinated requests.

The transfer of responsibilities will not affect the current NRR oversight responsibilities for decommissioning of test, research, and naval reactors. The regulatory oversight for these facilities is more effectively and efficiently managed by the small, centralized organization, in NRR, that is experienced in the unique regulatory needs of these facilities. In addition, the decommissioning activities associated with these facilities is so small [requiring only about 0.2 full-time equivalent (FTE)] that it would be inefficient to transfer this activity to NMSS.

This plan does not provide for the transfer of any rulemaking or guidance development related to decommissioning power reactors. In a memorandum, "Status of Regulatory Exemptions for Decommissioning Plants," dated August 16, 2002, the staff has described its intent to terminate the integrated decommissioning rulemaking and continue to rely on exemptions from requirements for decommissioning power reactors. The staff will reassess the need for decommissioning rulemaking after the Office of Nuclear Security and Incident Response, through its rulemaking efforts, determines requirements for security and physical protection. NRR has not budgeted resources for either decommissioning rulemaking or guidance development, in Fiscal Year (FY) 2003 or FY 2004. Therefore, if the staff is directed to pursue any rulemaking or guidance development in that time frame, either NRR or NMSS would have to apply its planning, budgeting, and performance monitoring process to reallocate resources from other programs.

The staff has developed a communication plan that includes updating the NRC external web page, to inform stakeholders of these changes.

CONCLUSIONS:

The staff has developed a process for transferring the responsibility for the project management of decommissioning commercial nuclear reactor plants from NRR to NMSS earlier in the decommissioning process. The outcomes of the transfer will be: (1) a clear separation of reactor operation from reactor decommissioning, thus reducing the number of organizations responsible for decommissioning; (2) securing NMSS expertise and experience earlier in decommissioning, thus improving timely implementation of dismantlement, decontamination, and license termination efforts; and (3) basing the plant transfer on safety and regulatory milestones, on completion of which the facility, although still a 10 CFR Part 50 licensee, will represent a materials licensee temporarily storing and processing radioactive waste, rather than a commercial power reactor facility licensed to operate.

RESOURCES:

The transfer of the 13 plants from NRR to NMSS requires assigning NRR decommissioning budget resources to NMSS, as summarized below. This resource estimate applies to Regional and Headquarters direct effort; indirect effort will follow staffing guidelines.

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>
Total Reassigned from NRR	11 FTEs	8 FTEs	8 FTEs
Headquarters FTEs	5	5	5
Regional FTEs	6	3	3
Total Reassigned Monies from NRR (\$K, est.)	84	25	25

The staffing associated with this resource transfer will be accomplished by voluntary reassignments and rotational assignments of appropriately experienced personnel, together with a cooperative NRR/NMSS recruitment effort, to fill vacancies in their respective staffing plans.

Implementation of the "road map" to transfer plants that shut down in the future, from NRR to NMSS, is captured within current staff project management responsibilities and need not be budgeted separately. This transfer will not affect the budget of NMSS' Spent Fuel Project Office, including that in the February 20, 2002, agreement between NRR and NMSS; on funding or resources for inspection of independent spent fuel storage facility installations. The staff does not foresee any operating commercial nuclear power plants electing to permanently cease reactor operations during the current budgeting cycle. However, for power reactors that permanently cease operation in the future, NRR will provide the regional inspection budget for the subject unit during the year it permanently shuts down through the first fiscal year in which the unit is transferred to NMSS. NMSS will fund all other budget allocations for project management or regional decommissioning activities.

COORDINATION:

The Office of the General Counsel has reviewed this paper and has no legal objection to its contents. The Office of the Chief Financial Officer has reviewed this paper for resource implications and has no objections.

/RA/

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for Operations

Attachment: Transfer of Commercial Nuclear Power Plants
From NRR to NMSS, "The Road Map"

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Attachment: Transfer of Commercial Nuclear Power Plants
From NRR to NMSS, "The Road Map"

ADAMS ACCESSION NOS.: ML022910262

SECY-012

*** See Previous Concurrence **See attached Email concurrence**

OFFICE	DRIP/RPRP*	Tech Ed.*	DCM:PM*	DRIP/RPRP:SC*	DWM/DCM:SC*	DLPM:PD*	RPRP:PD*	
NAME	PHarris/MBanic	EKrauss	SBrown	DSkeen	CCraig	WRuland	CIGrimes/ <i>DSkeen for/</i>	
DATE	7/14/2002	7/19/2002	7/30/2002	8/06/2002	8/06/2002	8/09/2002	8/09/2002	
OFFICE	DWM/DCB:BC*	OGC*	OCFO**	NRR/DMAS*	NSIR:OD:D#*	DIPM:D#*	DRIP:D#*	DLPM:D#*
NAME	LCamper	STreby	CAbbott	MCase	RZimmerman	BBoger	DMatthews	JZwolinski
DATE	8/7/2002	8/27/02	8/24/2002	8/13/2002	09/11/2002	9/05/02	09/09/2002	09/09/2002
OFFICE	DWM:D#*	SFPO:D#*	ADPT*	ADIP*	NMSS:D*	NRR:D*	EDO	
NAME	JGreeves	WBrach	BSheron	BBorchardt	MVirgilio	SCollins	WTravers	
DATE	8/24/2002	8/29/2002	9/25/2002	9/25/2002	09/17/2002	9/25/2002	11/8/02	

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