

NOTE TO: Rick Rough
Charlotte Turner

DATE: June 18, 2001

FROM: Joel Dorfman

THRU: Sandi Park

SUBJECT: MODIFICATION 1 TO PEBBLE BED MODULAR REACTOR REIMBURSABLE AGREEMENT

DPBA has received for concurrence the attached Modification 1 to our reimbursable agreement with DOE related to Pebble Bed Modular Reactor (PBMR)¹. The agreement has been re-titled, "Advanced Gas Reactor Framework, Technology and Fuel Evaluation," and provides NRC with \$480,000, for both contract support and NRC staff costs.

Mod 1 to reimbursable agreement was originally drafted in April, 2001. At that time, both DPBA and OGC expressed concerns that the draft Statement of Work (SOW) defined NRC's activities as developing a regulatory framework for licensing reactors. It was felt that the draft SOW defined work which NRC could not perform under the authority of the Economy Act, or even under NRC's cooperative research authority.

After discussions with OGC, RES agreed to revise the SOW to focus on NRC performing a technology assessment or generic research (see attached markup which was approved by Brian Kildee, OGC). Rather than the Economy Act, the reimbursement is now being authorized under NRC's cooperative research authority. The NRC accepts funds under our cooperative research authority to perform research which falls within NRC's statutory mission.

Please note the following regarding this reimbursable agreement:

- SECY 01-0070, "Plan for Pre-application Activities on the Pebble Bed Modular Reactor (PBMR), issued on April 25, 2001, discusses this reimbursable agreement. The paper identifies: 1) directly appropriated FTEs and contract support costs; and 2) FTEs and contractual support to be reimbursed by DOE.

The reimbursable portion, totaling \$1,400K, was identified as follows:

FY 2001	\$300K for contract support + \$200K for staff costs = \$500K
FY 2002	\$500K for contract support + \$400K for staff costs = \$900K

The paper requests Commission approval to proceed with preapplication activities on the PBMR, "including the DOE-sponsored HTGR technology assessment and transfer activities...."

Per SECY, the SRM on SECY 01-0070 was still in draft, as of June 11.

¹ The original agreement provided \$20K to fund RES travel expenses to South Africa to evaluate PBMR technology.

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- The funding provided in Modification 1 is budgeted as follows:
 - \$155K for staff costs
 - 25K for travel
 - 300K for contract support
 - \$480K Total

- This agreement represents a unique use of NRC's cooperative research authority, since cooperative research agreements normally are made with foreign government agencies and normally only fund contract support. It is not clear whether we are bound by NRC's full cost reimbursement policy since the work that we will be performing could also be viewed as part of NRC's mission.

- DAF has reviewed the agreement and had no changes.

- The staff will have to distinguish activities chargeable to DOE versus activities which may be license fee billable. For example, RES was interested in charging costs of the June 12-13 meeting with Exelon to the agreement. DAF has advised that the meeting activities are not billable to DOE. Instead, the activities may be license fee billable to Exelon.

- DAF is arranging a meeting with OCFO, RES, and OGC to clarify the distinctions between charging time to DOE versus the potential license applicant.

Recommendation

Concur on the attached routing sheet.

cc: Sandi Park
David Drucker

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