

March 7, 2003

Dr. Ronald L. Simard
Nuclear Energy Institute (NEI)
1776 I Street, NW, Suite 400
Washington, DC 20006-3708

SUBJECT: RESOLUTION OF EARLY SITE PERMIT TOPIC 18a (ESP-18a), ALTERNATIVE
SITE REVIEWS FOR EARLY SITE PERMITS

Dear Dr. Simard:

The purpose of this letter is to inform you of our understandings and expectations regarding alternative site reviews for early site permit (ESP) applications. This topic, which is identified as ESP-18a on the list of Nuclear Energy Institute (NEI) generic ESP issues, was discussed at public meetings between July 17 and December 5, 2002. Subsequently, NEI documented its position on this topic in a letter dated December 20, 2002. In addition, NEI submitted supplemental comments on petition for rulemaking (PRM) 52-2 on this same subject in a separate letter dated December 18, 2002. Both letters contained essentially the same information, but in the December 18, 2002, letter, NEI requested that the Commission address the issue generically because it has implications beyond ESP applications.

The staff wants to clarify that the understandings and expectations expressed in this letter apply to the three lead ESP applications and not necessarily to future ESP applications. As you are aware, the staff has initiated work to develop the technical bases for possible rulemaking to specifically define the requirements for consideration of alternative sites. This rulemaking activity is expected to account for industry deregulation and restructuring, consider the recent evolution of the siting process, and reduce uncertainty in the licensing process. The staff expects that this activity will reduce unnecessary regulatory burden and introduce more certainty in the alternative site review process. The staff held a January 28, 2003, public workshop as part of this effort to obtain public input in consideration of whether to undertake rulemaking to specifically define the criteria for review of candidate and alternative sites for nuclear power plants (see 67 FR 79165, December 27, 2002). NEI representatives were present at this meeting. Long-term resolution of the matters addressed in your December 20, 2002 letter on ESP-18a will be pursued in this generic effort.

The discussion below is our response to the relevant understandings and expectations identified in your December 20, 2002, letter and is intended to provide guidance to the three lead ESP applications.

NEI Position #1:

“As discussed with the staff on December 5, we conclude that both legal and policy reasons justify the NRC limiting its required NEPA analysis of alternatives to those that are pertinent in the context of the license application before it. For each of the three pilot ESP applicants, the

objective is the approval of an existing site for new nuclear units. Thus, each applicant's NEPA evaluation of alternatives should be limited to consideration of other existing nuclear sites."

Staff Response:

At this point in time, the staff, in general terms, agrees with NEI that the current NEPA case law suggests that a federal agency, acting on a private entity's permitting request, may limit its review of alternatives with due regard for the proposal before it. Nevertheless, the objectives of the action may not be defined so artificially narrow that only one alternative would accomplish the stated goals. See *Hydro Resources, Inc.* (P.O. Box 15910, Rio Rancho, NM 87174), CLI-01-4, 53 NRC 31, 55 (2001). Therefore, it is the applicant's obligation to demonstrate, in its environmental report, that its bases for limiting its alternative site analysis are reasonable.

NEI Position #2:

"Consistent with a focus on alternatives that would satisfy the applicant's business purpose, only sites in the applicant's region of interest and under its control will be considered. The NEPA requirement for a 'hard look' at alternatives is satisfied by evaluation of the applicant's other existing nuclear sites in the region of interest.

This approach is consistent with existing guidance for review of alternative sites in NUREG-1555, Section 9.3 (III.8), which concerns the special case of existing sites.

Because this issue has implications beyond ESP, the industry requested that the Commission address this issue generically in supplemental comments provided on December 18 on petition for rulemaking PRM-52-2."

Staff Response:

The staff agrees that an ESP applicant need only consider the alternative sites within its region of interest. However, the applicant must demonstrate the reasonableness of confining the region of interest. In cases where the proposed facility would not have a determined service area, the ESP applicant would have to articulate a reasonable means of defining the region of interest.

NEI Position #3:

"Because of the obvious advantages of an existing nuclear site over non-nuclear sites for additional nuclear units, including the pre-existence of essential infrastructure, it is expected that no non-nuclear site would be found to be obviously superior. While not required by NEPA, lead ESP applications will also include a brief discussion that compares the selected site to generic green-field and generic industrial sites that will provide the analytical basis to confirm this presumption."

Staff Response:

The staff understands NEI's position. The superiority of alternative sites in comparison to the proposed site will be addressed on a case by case basis. NUREG-1555, Section 9.3, lays out the staff's methodology for identifying obviously superior alternative sites. The staff expects

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that an ESP applicant's environmental report will set forth the basis for its determination that none of the alternative sites is obviously superior in comparison to the proposed site.

Please contact Nanette Gilles of my staff at 301-415-1180 if you have any questions on this matter.

Sincerely,

/RA/

James E. Lyons, Director
New Reactor Licensing Project Office
Office of Nuclear Reactor Regulation

Project No. 689

cc: See next page

cc:

Mr. David Lochbaum
Union of Concerned Scientists
1707 H Street, NW
Suite 600
Washington, DC 20006-3919

Mr. Paul Gunter
Director of the Reactor Watchdog Project
Nuclear Information & Resource Service
1424 16th Street, NW, Suite 404
Washington, DC 20036

Mr. Ron Simard
Nuclear Energy Institute
Suite 400
1776 I Street, NW
Washington, DC 20006-3708

Mr. Russell Bell
Nuclear Energy Institute
Suite 400
1776 I Street, NW
Washington, DC 20006-3708

Mr. Thomas P. Miller
U.S. Department of Energy
Headquarters - Germantown
19901 Germantown Road
Germantown, MD 20874-1290

Mr. James Riccio
Greenpeace
702 H Street, NW, Suite 300
Washington, DC 20001

Rod Krich
Vice President, Licensing Projects
Exelon Nuclear
4300 Winfield Road
Warrenville, IL 60555

Patricia Campbell
Winston & Strawn
1400 L Street, NW
Washington, DC 20005

Mr. Eddie Grant
Exelon Generation
200 Exelon Way, KSA3-E
Kennett Square, PA 19348

Mr. James F. Mallay, Director
Regulatory Affairs
FRAMATOME, ANP
3315 Old Forest Road
Lynchburg, VA 24501

Mr. Ernie H. Kennedy
Vice President New Plants
Nuclear Plant Projects
Westinghouse Electric Company
2000 Day Hill Road
Windsor, CT 06095-0500

Dr. Regis A. Matzie
Senior Vice President and
Chief Technology Officer
Westinghouse Electric Company
2000 Day Hill Road
Windsor, CT 06095-0500

Mr. Gary Wright, Manager
Office of Nuclear Facility Safety
Illinois Department of Nuclear Safety
1035 Outer Park Drive
Springfield, IL 62704

Mr. Vince Langman
Licensing Manager
Atomic Energy of Canada Limited
2251 Speakman Drive
Mississauga, Ontario
Canada L5K 1B2

Mr. David Ritter
Research Associate on Nuclear Energy
Public Citizens Critical Mass Energy
and Environmental Program
215 Pennsylvania Avenue, SE
Washington, DC 20003

Mr. Tom Clements
6703 Guide Avenue
Takoma Park, MD 20912

Mr. Edwin Lyman
Nuclear Control Institute
1000 Connecticut Avenue, NW
Suite 410
Washington, DC 20036

Mr. Jack W. Roe
SCIENTECH, INC.
910 Clopper Road
Gaithersburg, MD 20878

Dr. Gail H. Marcus
U.S. Department of Energy
Room 5A-143
1000 Independence Ave., SW
Washington, DC 20585

Ms. Marilyn Kray
Vice President, Special Projects
Exelon Generation
200 Exelon Way, KSA3-E
Kennett Square, PA 19348

Mr. Joseph D. Hegner
Lead Engineer - Licensing
Dominion Generation
Early Site Permitting Project
5000 Dominion Boulevard
Glen Allen, VA 23060

Mr. George Alan Zinke
Project Manager
Nuclear Business Development
Entergy Nuclear
M-ECH-683
1340 Echelon Parkway
Jackson, MS 39213

Mr. Charles Brinkman
Westinghouse Electric Co.
Washington Operations
12300 Twinbrook Pkwy., Suite 330
Rockville, MD 20852

Mr. Ralph Beedle
Senior Vice President
and Chief Nuclear Officer
Nuclear Energy Institute
Suite 400
1776 I Street, NW
Washington, DC 20006-3708

Dr. Glenn R. George
PA Consulting Group
130 Potter Street
Haddonfield, NJ 08033

Arthur R. Woods
Enercon Services, Inc.
500 TownPark Lane
Kennesaw, GA 30144

Mr. Thomas Mundy
Director, Project Development
Exelon Generation
200 Exelon Way, KSA3-E
Kennett Square, PA 19348