

April 11, 2003

Dr. Mohamed El-Baradel
Director General
International Atomic Energy Agency
P.O. Box 100
Wagramer Strasse 5
A-1400 Vienna
Austria

Dear Dr. El-Baradel:

In the Commission's enclosed letter of September 6, 2002, we outlined the steps the Commission had taken to evaluate and enhance security at NRC-licensed facilities since September 11, 2001. On behalf of the Commission, I would like to describe additional security-related actions we have taken over the past seven months. We have continued to work aggressively to enhance security at the Nation's nuclear facilities and in the conduct of NRC-licensed activities and have completed several significant activities, as described below.

The NRC continues to evaluate safety and security and will continue to issue advisories, as we have in the past, concerning emerging threats and safeguards topics as necessary. For example, on March 17, 2003, we issued advisories to sensitive nuclear facilities and licensees with large radioactive sources within minutes of the announcements by the Department of Homeland Security of the change in threat level. This was the product of weeks of advance interagency preparation.

In September 2002, February 2003, and most recently on March 17, 2003, when the Nation's threat level was raised to "High/Orange," we successfully utilized the protective measures we developed for internal use and for the use of our licensees in connection with the Homeland Security Advisory System. The September 5, 2002 letter contained information on orders the NRC had issued to improve security at power reactors and other sensitive sites. Since then, the NRC has taken additional actions. In October 2002, we issued orders to enhance security in the transportation of spent fuel and of independent spent fuel storage installations and Confirmatory Action Letters (CALs) to enhance security at non-power reactors greater than or equal to 2 megawatts in power. Early in 2003, we issued CALs to enhance security measures for non-power reactors less than 2 megawatts and ordered enhancements at Category III fuel cycle facilities. On January 7, 2003, we issued an order directing power reactor licensees to enhance access controls. We are about to issue orders establishing additional requirements and guidelines to enhance controls on security-force fatigue and on training and qualification standards.

The Commission has continued to work closely with other Federal agencies, States, and authorized licensees to revise the design basis threats (DBTs). The NRC has conducted seven closed meetings with stakeholders since January 2003 to discuss the adversary characteristics that could be reflected in the new DBTs. We expect to issue revised DBTs for operating nuclear plants and Category I fuel cycle facilities within the next few weeks. Our objective is to ensure that any revised DBTs are informed by the increased threat and are clearly directed at a

threat against which private-sector licensees of power reactors and Category I fuel cycle facilities are expected to defend.

We have resumed force-on-force exercises for power reactors facilities using the enhanced interim threat capabilities derived from the February 25, 2002 orders. Force-on-force exercises were temporarily suspended immediately following the terrorist attacks of September 11 due to concerns about their impact on security at the plants in the heightened threat environment. We are increasing the frequency of these NRC-evaluated exercises at power reactors from once every eight to once every three years. An important component of these reviews includes enhanced "table-top" exercises (facilitated discussions using credible scenarios) that now involve a wide array of Federal, State, and local law enforcement and emergency planning officials. We believe that resumption of force-on-force testing will further improve both licensees' security capabilities and NRC's regulatory oversight processes. In addition to the NRC-evaluated exercises, many of our licensees conduct much more frequent force-on-force exercises as part of their guard force training programs.

Another vital ongoing NRC activity is the enhancement of our incident response program. The NRC continues to work with the Department of Homeland Security and other Federal agencies on the integration of Federal Response Plans into a unified National Response Plan. We have assisted in the development of national training standards for first responders for chemical, biological, radiological, nuclear, and explosives events. In late February, the NRC began sharing security incident information with registered recipients with a "need to know" to facilitate the faster and easier exchange of such information. We have conducted and participated in a number of high profile exercises involving Federal, State, and local agencies to examine and enhance the coordinated response to radiological events involving weapons of mass destruction.

We have also pursued joint work with the Department of Energy to increase the protection of the high-risk radioactive sources which could be useful in a radiological dispersal device (RDD). The Commission and Secretary Abraham were recently presented with the results of a joint DOE/NRC working group set up specifically to study this issue. The working group determined the types and quantities of isotopes that are of greatest concern from an RDD perspective (also referred to as high-risk sources). The working group also outlined actions to increase the regulatory oversight of these sources and prevent ready access to these sources by terrorists. Elements of this system will include: verification of the legitimacy of the applicants for licenses; requirements governing the security of high risk sources while in transit, in storage, and in use; controls on access to sources to prevent diversion by an insider; requirements for tracking and inventorying of high-risk sources to ensure that the source has not been lost or stolen; export and import controls on high-risk sources; and more frequent inspections to verify the adequacy of the regulatory controls, and measures to ensure safe disposal. In short, we have established a foundation on which we can build cradle-to-grave security for these high-risk sources.

On March 17, 2003, consistent with the increase in the national threat level to "High/Orange," NRC issued a nationwide safeguards advisory to all NRC and Agreement State licensees authorized to possess and/or transport the types and quantities of radioactive isotopes which are of greatest concern for potential malevolent use in an RDD. We urged licensees to increase security for high-risk radioactive sources immediately and to maintain a high level of alertness to security-related matters. (The details of the safeguards advisory involve sensitive information that can not be publicly released.) NRC also played a key role in an international conference conducted during the week of March 10 that was sponsored by the Department of Energy and the International Atomic Energy Agency (among others), and that

was attended by over 100 nations. That conference discussed key issues relating to the security of high-risk radioactive sources and the actions which must be taken world-wide to improve the protection of these sources. In short, significant progress is being made toward putting in place complementary national and international controls on high-risk radioactive sources.

In addition, we have recruited aggressively to augment the staff of the Office of Nuclear Security and Incident Response. Since April 7, 2002, when the office was created, we have successfully hired over 60 highly qualified individuals with broad expertise in security-related fields. These staff have expertise in counter-terrorism and intelligence analysis, nuclear security and safeguards, information security (crypto/emission/transmission security, and countermeasures security), and incident response.

In sum, the NRC has made and continues to make significant progress in support of our Nation's efforts to combat terrorism and enhance homeland security.

As you may be aware, I have been designated by President Bush as the new Chairman of the NRC. I am pleased that during one of our Nation's most turbulent times, the NRC has continued to ensure that nuclear facilities and the materials we regulate are well protected against acts of terror. I look forward to working with you in my new capacity. Please do not hesitate to contact the Commission for additional information if you have specific questions.

Sincerely,

/RA/

Nils J. Diaz

Enclosure: As stated

Identical letter sent to:

Dr. Mohamed El-Baradei
Director General
International Atomic Energy Agency
P.O. Box 100
Wagramer Strasse 5
A-1400 Vienna
Austria

Mr. Laurence Williams
HM Chief Inspector of Nuclear Installations
Nuclear Safety Directorate
7th Floor
St. Peter's House, Stanley Precinct
Bootle, Merseyside
L20 3LZ
United Kingdom

Ms. Linda Keen
President and CEO
Canadian Nuclear Safety Commission
P.O. Box 1046, Station "B"
280 Slate Street
Ottawa, Canada K1P 5S9

Mr. Wolfgang Renneberg
Director General for Nuclear Safety
Federal Ministry for Environment, Nature
Conservation, and Nuclear Safety
Postfach 12 06 29
D-5348 Bonn
Germany

Mr. Andre-Claude Lacoste
Director
Directorate for the Safety of Nuclear Installations
99, rue de Grenelle
75353 Paris 07SP
France

Mr. Yoshihiko Sasaki
Director General
Nuclear and Industrial Safety Agency
Ministry of Economy, Trade and Industry
1-3-1 Kasumigaseki, Chiyoda-ku
Tokyo 100-8901
Japan

Ms. Maria Teresa Estevan Bolea
President
Consejo de Seguridad Nuclear
Justo Dorado 11
28040 Madrid
Spain

Dr. Judith Melin
Director General
Swedish Nuclear Power Inspectorate
Klarabergsviadukten 90
SE-106 58 Stockholm
Sweden

Mr. Luis Echavarri
Director General
Nuclear Energy Agency
Organization for Economic Cooperation
and Development
Le Seine St-Germain
12, Boulevard des Iles
92130 Issy-les-Moulineaux
France

Mr. Hajimu Maeda, Chairman
World Associations of Nuclear
Operations (WANO)
700 Galleria Parkway, N.W.
Atlanta, Georgia 30339