



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, DC 20555 - 0001

October 17, 2003

MEMORANDUM TO: Brian W. Sheron, Associate Director
for Project Licensing and Technical Analysis
Office of Nuclear Reactor Regulation

John W. Craig, Associate Director
for Inspection and Programs
Office of Nuclear Reactor Regulation
/RA/ Christopher Grimes for

FROM: Richard J. Barrett, Director
Division of Engineering
Office of Nuclear Reactor Regulation

Bruce A. Boger, Director
Division of Inspection Program Management
Office of Nuclear Reactor Regulation

SUBJECT: VENDOR INSPECTIONS FOR COMPONENT SUPPLIERS

During the Commission briefing on the regulatory framework for steam generator tube integrity on May 29, 2003, the Commission asked about the inspections and oversight of components manufactured at foreign facilities. The Commission noted that they have asked about this issue several times, because it arises in many of the reactor safety programs. The staff's response during the May 29, 2003, briefing noted that the Leadership Team has considered this issue, but we left the issue unresolved. The purpose of this memorandum is to convey the Leadership Team's decision on the issue of vendor inspections, and to request that the Executive Team arrange to have this explanation forwarded to the Commission by the Executive Director for Operations (EDO) assistant for Operations.

The Emergency Preparedness and Plant Support Branch (IEPB) staff in the Division of Inspection Program Management (DIPM) has reexamined the need for additional Nuclear Reactor Regulation (NRR) oversight of vendors supplying components to the nuclear industry. The staff reviewed the present industry oversight practices of licensees for nuclear component

CONTACT: R. McIntyre, NRR/DIPM/QMS
415-3215

P. Prescott, NRR/DIPM/QMS
415-3026

suppliers that have been supplying components to the licensees under 10 CFR Part 50 Appendix B quality assurance requirements. The staff also considered the need for oversight of vendors should the construction of new nuclear plants become a reality.

Most current suppliers to the nuclear industry are audited and approved by the Nuclear Procurement Issues Committee (NUPIC) to supply replacement items to Part 50 Appendix B quality requirements. This is accomplished through the NUPIC joint utility audit program. The staff will accompany NUPIC on a specified number of NUPIC audits in order to provide the staff confidence that the NUPIC audits are continuing to provide adequate oversight of suppliers of nuclear components.

Currently, the Nuclear Regulatory Commission (NRC) staff is only conducting focused inspections of nuclear component suppliers under special circumstances and, when needed, for allegation support. A recent example of a special circumstance would be the inspection conducted for the procurement of the North Anna Unit 2 reactor vessel head manufactured in France. The reactor vessel head was manufactured by Framatome ANP in France to the French RCC-M design code and international quality assurance standards. The inspection assured the French quality assurance standards were at least equivalent to the standards of Appendix B.

The staff believes there will be a need for expanded nuclear component supplier inspection activity should new plant construction become a reality. This will be necessary in order to meet the requirements for inspection, test, analysis, and acceptance criteria (ITAAC) associated with individual components. It is anticipated that new designs will use modular construction. Because the modules will be completed offsite, it appears that inspection of the modular contractors would be needed to ensure the components are fabricated as designed. The staff will also need to discuss with NUPIC the role it envisions, if any, for new construction components. Current NRC thought is, that most likely, oversight of nuclear component suppliers will have to be conducted by the power producers involved in new construction. NUPIC has traditionally provided oversight of suppliers who supply to the industry as a whole.

The staff expects that there will continue to be nuclear component suppliers that are new to the industry, some of whom will be foreign-based. As in the case of the North Anna head, the staff will need to assure other international quality standards being implemented are equivalent to Part 50 Appendix B requirements. A current example of the staff evaluating the adequacy of a vendor from another country is the Atomic Energy of Canada Limited (AECL) Canadian ACR-700 reactor design in the pre-application stage of design certification review. This reactor was designed to the Canadian Standards Association (CSA) N286 nuclear quality assurance requirements.

On this basis, the Leadership Team concludes that, at the present time, expansion of NRC nuclear component supplier oversight for current operating reactors is not necessary. The NRC can continue to rely on the licensees' Appendix B programs and NUPIC audits to ensure adequate quality of vendor-supplied components. The NRC will observe NUPIC audit activities

B. Sheron
J. Craig

-3-

at least twice during the upcoming year. Unusual cases, such as the North Anna heads will be handled on a case-by-case basis. This approach will need to be re-evaluated based on the first two NUPIC observations and recommendations associated with the construction inspection program for new reactors.

cc: J. Dyer
W. Borchardt
D. Matthews
S. Black
T. Marsh
M. Case

B. Sheron
J. Craig

at least twice during the upcoming year. Unusual cases, such as the North Anna heads will be handled on a case-by-case basis. This approach will need to be re-evaluated based on the first two NUPIC observations and recommendations associated with the construction inspection program for new reactors.

DISTRIBUTION: r/f IEPB

Accession#ML032750012 NRR-106

*** see previous concurrence**

DOCUMENT NAME:C:\ORPCheckout\FileNET\ML032750012.wpd

OFFICE	IEPB/DIPM	IEPB/DIPM	IEPB/DIPM	DD:DE
NAME	PPrescott	RMclntyre	DThatcher	CGrimes
DATE	9/26/03*	9/26/03*	9/26/03*	10/03/2003

OFFICE	IEPB/DIM	D:DIPM	D:DE
NAME	TQuay	BBoger/CC	Rbarrett/CG for
DATE	9/29/03*	10/8/03	10/17/03

OFFICIAL RECORD COPY