

September 15, 2004

Mr. Stephen D. Floyd
Vice President, Regulatory Affairs
Nuclear Generation Division
Nuclear Energy Institute
1776 I Street, NW, Suite 400
Washington, D.C. 20006-3708

Dear Mr. Floyd:

As you are aware, the staff and industry have been working for over two years on a replacement for the Safety System Unavailability (SSU) performance indicator (PI). Its proposed replacement, the Mitigating Systems Performance Index (MSPI), is a risk-informed PI that sums and averages risk from the unavailability and unreliability of a system over a three year period of time.

In SECY 04-0053, "Reactor Oversight Process Self-Assessment for Calendar Year 2003," dated April 6, 2004, the staff outlined a number of advantages and disadvantages with the MSPI. The issues were further discussed with external stakeholders during a public Reactor Oversight Process (ROP) Working Group meeting on April 22, 2004. One of the issues discussed was the proposed elimination of the significance determination process (SDP) for areas covered by MSPI. Following the April 22, 2004, public meeting, the industry agreed to the Nuclear Regulatory Commission (NRC) staff's position to retain the SDP with MSPI implementation. This significant change allowed the staff to reassess the other issues outlined in SECY-04-0053. As a result of this reassessment, the staff concluded that many of the issues were reduced in significance or deemed non-critical to moving forward with MSPI implementation.

During the August 19, 2004, ROP Working Group meeting, the staff and industry reached agreement on the two remaining issues with the MSPI, and the staff agreed to move forward with MSPI implementation. As part of that agreement, the staff and industry agreed to define the minimum probabilistic risk assessment characteristics needed for MSPI implementation, and have established a task group for this purpose.

The staff expects that the MSPI temporary instruction, which will be conducted to ensure industry readiness, will be completed for all plants, and significant findings satisfactorily resolved prior to full implementation. As discussed during the August 19, 2004, meeting, in order to fully implement MSPI, all plants will need to implement MSPI on the agreed upon implementation start date; there will be no partial or delayed implementation.

As requested by the Nuclear Energy Institute, this letter confirms the NRC commitment to implement MSPI, as discussed above.

Sincerely,

/RA/

J. E. Dyer, Director
Office of Nuclear Reactor Regulation
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