

December 7, 2004

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

Dear Mr. Fertel:

This letter extends my thanks to you for attending the public meeting of October 7, 2004, between the Nuclear Regulatory Commission (NRC) and the Nuclear Energy Institute (NEI) regarding our mutual items of interest. Our periodic senior management meetings are beneficial in improving the communication of issues between the leaders of our organizations. NRC intends to continue to support the NRC/NEI senior management meetings in the future.

Enclosed is a copy of the meeting agenda, a summary of the meeting, and a list of the attendees.

Sincerely,

/RA/
Luis A. Reyes
Executive Director
for Operations

Enclosures: As stated (3)

cc w/encl: S. Floyd, Nuclear Energy Institute
A. Heymey, Nuclear Energy Institute
F. Killar, Jr., Nuclear Energy Institute
S. Craft, Nuclear Energy Institute
A. Marion, Nuclear Energy Institute
T. Pietrangelo, Nuclear Energy Institute
C. Dugger, Nuclear Energy Institute
D. Walters, Nuclear Energy Institute
A. Nelson, Nuclear Energy Institute
R. Andersen, Nuclear Energy Institute
R. Bishop, Nuclear Energy Institute
J. Davis, Nuclear Energy Institute

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Distribution: LReyes, MVirgilio, PNorry, WKane, WDean, BWetzel
EDO r/f
JJolicoeur

ADAMS ML 043310208

*See previous concurrence

Public

9Non-Public

9Sensitive

Non-Sensitive

OFFICE	ROPMS	EDO/DEDR	EDO
NAME	JJolicoeur*	EWMerschoff	LAReyes
DATE	12/03/04	12/07/04	12/07/04

OFFICIAL RECORD COPY

AGENDA
 NRC/NEI Senior Management Meeting
 OCTOBER 7, 2004
 10:00 AM - 12:00 PM
 NRC Headquarters
 One White Flint North
 11555 Rockville Pike
 Rockville, MD 20852-2738
 Room: O-16B4

TOPIC	LEAD	NRC LEAD
Opening / Greetings	NRC/NEI	EDO
Materials Degradation Issues and Management	NRC	RES/NRR
Industry Priorities on Rulemakings	NEI	NRR
Grid issues	NRC	NRR/RES
Fire Protection (NFPA 805)	NRC	NRR
Improvements to Reactor Oversight Process	NEI	NRR
Mitigating Systems PI	NRC	NRR
New Plant Initiatives	NEI	NRR
Impact of Continuing Resolution	NRC	NRR
Control Room Habitability	NRC	NRR
Questions from the Public for NRC Participants		
Closing Remarks	NEI/NRC	EDO
Closed* - Vulnerability Assessments for Fuel Cycle Facilities	NRC	NMSS

*** This portion of the meeting will be closed due to discussion of sensitive critical infrastructure information**

Summary of Nuclear Regulatory Commission/Nuclear Energy Institute
Senior Management Meeting
October 7, 2004

The summary below is presented in the order of topics on the meeting agenda and provides a brief description of the discussion by the meeting participants. This was a Category II Public Meeting and members of the public were in attendance. Handouts were not provided at this meeting.

1. Opening

The meeting began with introductions and a brief discussion of the value of periodic senior management meetings and the need for more frequent meetings.

2. Material Degradation Issues and Management

The Nuclear Regulatory Commission (NRC) discussed the activities of the Office of Nuclear Regulatory Research (RES) in this area. In particular, RES discussed a new initiative in the area of proactive materials degradation assessment. NRC is conducting a systematic review of systems and components important to safety and of components whose failure could lead to the release of radioactivity. A structured phenomena identification and ranking table (PIRT)-like approach is being followed where a panel of experts will use operational experience and stressor information to identify potential degradation, if any, that may be experienced in the future for each component. The expert panel is comprised of eight world-class materials and degradation experts from industry, research laboratories, regulatory agencies, and universities from the US, Canada, Japan, France, and Sweden. The panel members have broad experience in materials and degradation phenomena from nuclear and non-nuclear industries. The panel is being supported by experts in stress analysis, reactor systems, and operational experience. Based on the results and needs identified in the PIRT studies, a review will be conducted of ongoing research in different organizations to define additional research needed and formulate a cooperative research exchange program with other organizations to proactively address materials degradation management and issues.

NRC also raised the issues of degradation of “qualified” coatings and inspection requirements for nickel-alloy components. With regard to qualified coatings, NRC inspectors have identified substantial amounts of qualified coating degradation during walkdowns at some plants. In the pressurized water reactor loss of coolant accident sump analysis, qualified coatings are assumed not to fail outside the zone of influence. Staff has started to explore what type of assessments should be performed for qualified coatings in service, and what amount and schedule of remediation of the coatings should be performed. With regard to inspection requirements for nickel-alloy components, NRC staff supports establishing direct visual inspections for all Class 1 Alloy 600/82/182 materials every refueling outage for the foreseeable future as Nuclear Energy Institute (NEI) Category Mandatory or, at least, Needed Actions.

NEI discussed industry work in this area. In particular, NEI noted a matrix that industry had developed that lists known degradation mechanisms and identifies the knowledge base associated with each. This matrix does not address the risk aspects of degradation mechanisms.

3. Industry Priorities on Rulemaking

Enclosure 2

NEI provided a prioritized list of NRC rulemakings (Enclosure 2A). Among the points stressed in discussion was the delay in the Part 52 rulemaking. NEI noted that the pace of activities associated with new plant issues was picking up and that it was important to focus on requirements in this area. NEI also inquired whether the Pressurized Thermal Shock rulemaking could be expedited. NRC indicated that higher priority rulemakings had impacted the Part 52 effort. NRC also noted that review of the topical report on decoupling loss of offsite power requirements from the loss of coolant accident analysis would begin in January, 2005.

4. Grid Issues

NRC discussed the assessment of the licensees' readiness to manage any degraded or losses of offsite power through inspections and interviews using TI 2515/156, "Offsite Power System Operational Readiness." The NRC staff found considerable variability and uncertainty among licensees regarding the responses to the three key questions of Temporary Instruction (TI) 2515/156, "Offsite Power System Operational Readiness." NRC stated that nuclear power plant operators need to be aware of the offsite power needs of the nuclear power plant, including minimum required switchyard voltages, and know when these needs cannot be met. In order to meet these needs, NRC discussed the need for cooperation of the transmission system operator, which may have to be enlisted through an appropriate communication interface to ensure that offsite power will be available and switchyard voltages will be adequate following a plant trip.

NEI discussed an industry task force that has been established to work on grid-related issues. In particular, NEI noted an effort by Institute of Nuclear Power Operations to update the Significant Operating Experience Report on this topic to address communications between plant operators and transmission control operators.

NRC discussed the establishment of a Memorandum of Agreement (MOA) between the NRC and the North American Electric Reliability Council (NERC) and a MOA between the NRC and the Federal Energy Regulatory Commission (FERC). In the MOAs, NERC, FERC, and NRC have agreed to consult with each other with regard to the availability of technical information that would be useful in the areas of mutual interest, and to promote and encourage a free flow of such information pertaining to electrical grid reliability, security, and integrity.

5. Fire Protection

NFPA 805

NRC led this discussion concerning the recent amendment to its fire protection rule in Title 10 of the *Code of Federal Regulations* Section 50.48 (10 CFR 50.48) to allow nuclear power plant licensees to voluntarily adopt a risk-informed and performance-based rule. A new paragraph 10 CFR 50.48(c) has been added to permit a reactor licensee to use the fire protection requirements contained in the National Fire Protection Association (NFPA) Standard 805, Performance-Based Standard for Fire Protection for Light Water Reactor Electric Generating Plants, 2001 edition. This alternate fire protection rule maintains safety while adding flexibility to the current fire protection requirements for existing nuclear power facilities. NRC expressed concern over the lack

of licensees availing themselves of this risk-informed alternative to address long standing Appendix R issues.

NEI noted that there are some utilities that are interested in NFPA 805. However, they noted that there was concern about whether regulatory stability in the fire protection area would be achieved through this rule change. Industry expressed that it will require trust that safety will be the focus under NFPA 805. NEI also noted the recently completed fire protection forum and thanked NRC for their participation and encouraged continuing support for future forums.

NRC added that NFPA 805 appears to be a win-win solution in the fire protection area. NEI noted that for most licensees this is an economic issue. Given the high cost of security upgrades, not a lot of money is available for engineering support for this effort.

Circuit Issues

NRC discussed outstanding issues associated with potential fire-induced electrical failures. NRC noted industry efforts including the NEI developed NEI 00-01, "Guidance of Post-Fire Safe-shutdown Analysis." NRC staff conducted a facilitated public workshop in February, 2003 for circuits issue resolution. Based on the findings from the workshop, the staff published RIS-2004-003 in March 2004 indicating how we would risk-inform associated circuit inspections. The staff plans to revise the scope of the RIS to cover all (as opposed to "associated") circuit inspections. The staff has completed the revision of the fire protection SDP (May, 2004). In addition, the staff has developed a risk screening tool. The staff held a public meeting in October 2004, and will subsequently issue a generic communication to outline the closure path for circuits, before the end of the year. NRC will resume inspection January 2005.

Operator Manual Action

NRC discussed the status of rulemaking to codify the use of operator manual actions to meet the requirements of Appendix R, paragraph III.G.2. NRC stated that it was anticipated that the Proposed Rule and Enforcement Discretion Policy associated with operator manual actions would be published in early 2005.

NEI discussed the inconsistency of approvals for operator manual action. They noted that the requirement to demonstrate feasibility was good. They questioned the requirement in the current draft rule language for fire detection and suppression in order to take credit for operator manual actions. They also expressed concern for the time dependency methodology used in the current draft rule.

6. Improvements to the Reactor Oversight Process (ROP)

NEI led this portion of the discussion. The discussion centered on the Significance Determination Process (SDP). In particular, NEI noted that large amounts of resources were being expended in disputes centered on findings at the green/white threshold. In addition, NEI noted that an industry task force was being formed to develop a proposal in this area. They noted that there was potential for this issue to get worse noting additional SDPs being developed.

NRC expressed similar concerns about the timeliness of resolving SDP issues. NRC did not meet SDP timeliness goals and a large backlog exists. NRC staff is developing an action plan to address SDP concerns and will share its strategies with NEI.

7. Mitigating Systems PI

This portion of the discussion was focused on achieving a success path for the implementation of the recently piloted mitigating systems performance indicator. It was noted that all significant technical issues associated with the PI had been resolved and that NEI has a proposed implementation methodology that covers over 30 components. NEI also discussed the need to standardize record-keeping on system performance data for the various different applications (i.e. Maintenance Rule, ROP, World Association of Nuclear Operators).

8. New Plant Initiatives

NEI led this discussion area covering four distinct topics. The first topic was the upcoming submission for review and approval of NEI 04-07, which would provide industry guidance on Combined Operating License (COL) guidance for industry. NEI also discussed an issue related to methodologies used to characterize seismic ground motion for Early Site Permit applications. They also discussed the need to restart discussions concerning financial requirements associated with COL applications. NEI also discussed a desire to move forward on the use of insurance policies in providing financial assurance for decommissioning funding.

9. Impact of Continuing Resolution

NRC discussed the potential impacts of operating on a continuing resolution (CR) for part or all of FY '05. It was noted that NRC would be working on a straight line model of the FY '04 budget. The largest impact for reactor programs would be in the new reactor area with potential delays in certain design certification reviews. No impact is currently anticipated in higher priority items, however impacts would be noticeable in contract funding. The NRC also discussed how our common prioritization process would be used to spread the impact of the CR across all offices. NEI stated that the Department of Energy still thinks that they can submit an application for Yucca Mountain in December. NRC stated that the staff is continuing to prepare for receipt of a license application and will have to assess the schedule impacts as the budget / CR situation develops.

10. Control Room Habitability

The NRC led this portion of the discussion. The discussion covered the lack of alignment between the NRC staff and industry with respect to resolving issues raised in Generic Letter 2003-1 concerning adequacy of technical specifications requirements in determination of control room operability (surveillances and control room envelope integrity programs) as well as actions to be taken in response to inoperability. The issue involves properly addressing inleakage to the control room envelope and the potential to defeat the control room ventilation/control room envelope safety function. NRC discussed the proposed guidance developed by NRC in Reg. Guides 1.196 and 1.197 and by industry in TSTF-448.

NEI noted that they had thought this issue was on a path to resolution, however recent events have caused the priority of this issue to decrease and closure has not been achieved. NEI also expressed concern that the staff is imposing new requirements from Reg. Guide 1.196 and TSTF-448 on individual licensees in order to address inspection and licensing action requests prior to completing formal review and resolution of the

generic issue. NRC believes that the tracer gas testing requested by the generic letter has progressed well, with a large number of control rooms tested or scheduled for testing in the near future. This is the most important step in ensuring control room habitability. A generic set of changes to standard technical specifications to address inadequate surveillance and other deficiencies has not yet been agreed upon by staff and industry. Nonetheless, numerous licensees had submitted voluntary license amendments seeking relaxations that involved inleakage and/or changes to control room-related technical specifications, some with near-term requested approval dates, without waiting for the generic resolution. Staff gave priority to these licensing actions rather than giving the TSTF priority. The staff is now working to expeditiously renew discussions with industry on the generic standard technical specifications.

At the conclusion of the meeting, NRC participants provided an opportunity for members of the public to ask questions and provide comments. One attendee asked a question about whether the staff still plans to issue a proposed rule on updating 10 CFR 50.46(a) in December. NRC indicated that the staff had a strategy to meet the schedule.

Following the public portion of the meeting, a closed session was conducted to discuss sensitive issues related to vulnerability assessments at fuel cycle facilities.