

EDO Principal Correspondence Control

FROM: DUE: 07/21/05 EDO CONTROL: G20050470  
DOC DT: 06/24/05  
FINAL REPLY:

C. Randy Hutchinson  
Entergy Nuclear Inc.

TO:

W. Beckner, NRR

FOR SIGNATURE OF : \*\* PRI \*\* CRC NO: 05-0338  
Dyer, NRR

DESC:

Potential Delays in the NRC Review of the Grand  
Gulf Early Site Permit Application

ROUTING:

Reyes  
Virgilio  
Kane  
Silber  
Dean  
Burns  
Cyr, OGC

DATE: 07/01/05

ASSIGNED TO: CONTACT:  
NRR Dyer

SPECIAL INSTRUCTIONS OR REMARKS:

Add EDO and Commission on concurrence. Chairman  
and Commission to review the response prior to  
dispatch.

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**PAPER NUMBER:** LTR-05-0338 **LOGGING DATE:** 06/29/2005  
**ACTION OFFICE:** EDO

**AUTHOR:** C. Randy Hutchinson  
**AFFILIATION:** MS  
**ADDRESSEE:** William Beckner  
**SUBJECT:** Potential delays in the NRC reive of the Grand Gulf Early Site Permit application

**ACTION:** Direct Reply  
**DISTRIBUTION:** RF

**LETTER DATE:** 06/24/2005  
**ACKNOWLEDGED:** No  
**SPECIAL HANDLING:** Made publicly available in ADAMS via SECY/EDO/DPC  
**NOTES:** Commission should review response prior to dispatch  
**FILE LOCATION:** ADAMS  
**DATE DUE:** 07/25/2005 **DATE SIGNED:**

EDO --G20050470



Entergy Nuclear, Inc.  
P.O. Box 32000  
Jackson, MS 39286  
Tel 601 368 5294

C. Randy Hutchinson  
Sr. VP Business Development

CNRO-2005-00035

June 24, 2005

Mr. William D. Beckner  
Program Director, New, Research and Test Reactors  
U.S. Nuclear Regulatory Commission  
One White Flint North  
Mail Stop 4D9A  
Rockville, MD 20852-2738

DOCKET: 52-009

SUBJECT: Potential Delays in the NRC Review of the Grand Gulf Early Site Permit Application

REFERENCE:

1. System Energy Resources, Inc. (SERI) letter to USNRC – Early Site Permit Application (CNRO-2003-00054), dated October 16, 2003.
2. USNRC letter to SERI - Revised Scheduled For Environmental Review of the System Energy Resources Inc. (SERI) Early Site Permit Application for the Grand Gulf Site (CNRI-2004-00020), dated November 12, 2004.
3. USNRC letter to Dominion – Status of the North Anna Early Site Permit Application Review, dated May 6, 2005

Dear Mr. Beckner:

In spite of the NRC's efforts to demonstrate its readiness to respond to new plant licensing actions in a timely manner, System Energy Resources, Inc. (SERI) is concerned about potential delays in the Staff's environmental review of the Grand Gulf Early Site Permit (ESP) application. SERI's concerns are not intended to minimize the Staff's efforts to conduct thorough reviews of the three first-of-a-kind ESP applications, which include those for Dominion's North Anna and Exelon's Clinton sites. We recognize that the reviews involve novel issues and that the Staff is incorporating lessons learned into its ongoing reviews. SERI commends the Staff for the strides it has made in this new and important licensing arena.

Despite the Staff's diligent efforts, however, progress achieved to-date in the ESP arena is beginning to be overshadowed by repeated delays – as well as the domino effect of those delays on the staggered review schedules for the three ESP applications. Specifically, SERI filed its

ESP application in October 2003, one month after Dominion and Exelon filed their applications. Because the Staff has employed a first-in, first-served approach to the ESP reviews, any delay in the review of the Dominion or Exelon applications cascades down and adversely impacts the review schedule for the SERI application. This adverse impact apparently is the byproduct of the sequential approach to the review of the three applications. It has not been precipitated by the identification of substantive deficiencies in the SERI ESP application that warrant additional attention or analyses, or untimely responses to NRC requests for additional information. Rather, the delays at issue seem to be purely logistic in nature, as explained below.

The first letter to SERI notifying it of a delay occurred last fall. On November 12, 2004, the Staff informed SERI of a two-month delay in the environmental review of Dominion's ESP application. Dominion's substantial revision of its Environmental Report in July and September 2004 apparently triggered the delay. More recently, in a May 6, 2005, letter to Dominion, the Staff reported that it had received a "large number of comments" on the Dominion ESP Draft Environmental Impact Statement and that it was "evaluating the impact of these comments on the schedule and issuance of the final EIS." SERI is concerned that the recently announced delays in the Dominion ESP review will cascade down and further delay the review of SERI's ESP. At bottom, SERI can only assume that the delays of concern – and the subject of this correspondence – are the product of NRC and/or contractor resource limitations or the deployment of such resources.

Given this experience to date, SERI is concerned that any additional delay in the Dominion ESP environmental review will result in further unwarranted delays in the review of the SERI ESP application. We firmly believe that delays in the review of predecessor ESP applications need not, and should not, impact the review of SERI's application. Thus, we respectfully request that senior NRC management address this situation immediately so as to avoid any further adverse impact on the SERI schedule or ESP process in general. For instance, rather than continue to review the ESP applications in series, considerations should be given to whether the Staff can conduct parallel reviews to avoid further logistic-based delays. While this may require reallocation of resources, it will demonstrate the NRC's commitment to the original schedules set forth for the review of the ESP applications, and ability to bring predictability to the regulatory process.

Furthermore, the resolution of complex environmental issues related to the Dominion ESP application should yield efficiencies in the follow-on applications. In fact, the Staff's disposition of Dominion's environmental issues potentially could accelerate its review of the Exelon and SERI ESP applications. Such considerations weigh against further delaying the review of the SERI application.

The concerns expressed herein are not hypothetical in nature. There is legitimate cause for SERI's concerns. Delays in the ESP reviews have been announced, and further delays loom on the horizon. Such delays not only send the wrong message to the industry, public, and other interested stakeholders, but also undercut the Commission's initiatives to improve and streamline the regulatory processes governing new reactor licensing actions. Moreover, such delays may

not be limited to the ESP reviews, as the Staff's briefing to the Commission on April 6, 2005, suggests that similar delays can be expected with other first-of-a-kind applications. Given this backdrop, the NRC should consider whether the delays in reviews of ESP applications predict future problems with the Staff's review of new licensing applications.

The regulatory predictability the Commission promised for processing construction permit and combined operating license applications is an important element in assuring that future energy needs will be met. Regulatory predictability is essential if new nuclear power plants are to move the nation toward independence from foreign energy imports and greater fuel diversity. Energy providers must project energy needs well into the future, and the timeliness of regulatory reviews is a critical factor in developing plans for responding to those needs. Consequently, Entergy believes that the Commission should appropriately consider the implications of not having at least one ESP application proceed through the review process with only minimal delay.

Thank you, in advance, for your attention to this most important matter. We stand ready to discuss our concerns with you, as well as address any concerns you may have about the SERI application or schedule. Please contact me (or Kenneth Hughey 601-368-5327, or George Zinke 601-368-5381 of my staff) at your earliest convenience so that we can resolve this issue as soon as possible.

Sincerely,



C. Randy Hutchinson

cc: Chairman Nils J. Diaz  
Commissioner Gregory B. Jaczko  
Commissioner Peter B. Lyons  
Commissioner Edward McGaffigan, Jr.  
Commissioner Jeffrey S. Merrifield  
David B. Matthews, NRR/DRIP  
Laura A. Dudes, NRR/DRIP/RNRP/RN  
James E. Dyer, NRR  
William F. Kane, EDO  
Luis A. Reyes, EDO  
James H. Wilson, NRR/DRIP/RLEP/RL  
Raj K. Anand, NRR/DRIP/RNRP/RN  
Pao-Tsin Kuo, NRR/DRIP/RLEP