

August 21, 2005

Mr. Felix Killar, Director  
Fuel Cycle Supply/Material Licensees  
Nuclear Energy Institute (NEI)  
Suite 400  
1776 "I" Street, NW  
Washington, DC 20006-3708

SUBJECT: PUBLIC MEETING SUMMARY

Dear Mr. Killar:

This letter refers to our meeting at the Nuclear Energy Institute (NEI) in Washington D.C., on July 26, 2005, during which we discussed technical and policy issues of mutual interest to the U. S. Nuclear Regulatory Commission (NRC) and NEI management in the nuclear materials safety arena and nuclear waste safety arena.

Enclosure 1 is an agenda for the Quarterly Meeting between the Office of Nuclear Material Safety and Safeguards and NEI dated July 26, 2005. Enclosure 2 is a detailed meeting summary. Enclosure 3 is a list of meeting attendees.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Should you have any questions concerning this letter, please contact us.

Sincerely,

/RA/

Margaret V. Federline, Deputy Director  
Office of Nuclear Material Safety  
and Safeguards

Enclosures:

1. Agenda
2. Meeting Summary
3. List of Attendees

cc: See Attached List

cc: Letter to Mr. Felix Killar from Margaret V. Federline, dated: August 21, 2005

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Distribution:

RPierson	MVirgilio	MFederline	DBroaddus	JOlivier
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ACNW	Deputy RAs	DCool	OPA	CRearer
WSmith				

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<b>OFC</b>	NMSS			
<b>NAME</b>	MVFederline/cj			
<b>DATE</b>	8/21/05			

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**Agenda**  
**Quarterly Management Meeting Between**  
**Office of Nuclear Material Safety and Safeguards and**  
**Nuclear Energy Institute**

July 26, 2005  
2:00 - 4:00 p.m.  
Main Conference Room 4<sup>th</sup> Floor - NEI Offices

2:00 - 2:05	Welcome and Introductions	NEI/NRC
2:05 - 2:15	Discussion of follow-up items from March 24, 2005	NRC/NEI
2:15 - 3:05	NRC discussion topics - Status of FCSS ISG-10 - ISA reviews - Security Assessments Schedule for completing vulnerability assessments - Facility-specific indicators of performance for fuel facilities - Burnup credit and high burnup fuel	NRC/NEI
3:05 - 3:50	NEI discussion topics  - Use of Form 591 - LPR Process Use of a significant determination for procedural non-compliance - EIE process Issues associated with large drawings - Availability of revisions to the Inspection Manual and Enforcement Policy for industry review - Package Performance Study and industry involvement - Industry efforts for revising 10 CFR 70.24 - Criticality Alarm System - Draft Regulatory Guide 8.7	NEI/NRC
3:50-3:55	Public comment or questions	Public
3:55-4:00	Summary and Conclusion	NRC/NEI

**ENCLOSURE 1**

## **SUMMARY OF NMSS/NEI MANAGEMENT MEETING**

### **July 26, 2005**

#### **Purpose:**

On July 26, 2005, senior managers of the Nuclear Regulatory Commission (NRC), Office of Nuclear Material Safety and Safeguards (NMSS) met with senior managers of the Nuclear Energy Institute (NEI) at NEI's offices in Washington, D.C. The purpose of the meeting was to provide an opportunity for the senior managers of both organizations to discuss items of mutual interest.

#### **Opening:**

The meeting started at 2:00 pm. Members of the public were reminded that this was a Category 2 NRC public meeting and that time had been allotted at the end of the meeting for interested members of the public to raise issues/questions relevant to the topics of the meeting. Felix Killar (NEI) opened the meeting by introducing himself and then having the attendees introduce themselves (Enclosure 3). Brief opening remarks were given by Margaret Federline, NRC, and NEI.

#### **Discussion of follow-up items from March 24, 2005 meeting**

Julie Olivier (NRC) discussed the NRC action items from the March 24, 2005, meeting. There were six NRC action items from the March meeting, all of which were completed.

ACTION: None

#### **Status of Fuel Cycle Interim Staff Guidance 10**

Wilkins Smith (NRC) discussed the status of Fuel Cycle Interim Staff Guide 10 (FCSS-ISG-10) - Subcritical Margin for Safety. ISG-10 is being revised by NRC staff to appropriately address comments received on the initial version and in the May 20, 2005, ISG-10 Workshop. Mr. Smith said that the NRC expects to issue a new version of the ISG-10 by September 30, 2005, for a 30-day public comment period. Margaret Federline (NRC) asked NEI if they had any feedback on the process which was implemented during the development of the ISGs. Mr. Killar replied that he would have preferred to hold the workshop on the ISG before the drafting of the document. Robert Pierson (NRC) pointed out that the process is meant to be iterative with input from the industry throughout the entire process.

ACTIONS: None

#### **Update on status of Integrated Safety Analysis reviews**

Mr. Smith discussed the status of the Integrated Safety Analysis (ISA) summaries which have been submitted by all of the fuel fabricator facilities and are currently being reviewed by the NRC. Mr. Smith stated that the reviews are moving along according to schedule and that all but one (Framatome Richland) of the initial on-site visits have been completed. The Framatome Richland on-site visit is scheduled for late summer or early fall of 2005. The plan is to complete the reviews by February of 2006. Ms. Federline asked if the industry had seen any benefits to

**Enclosure 2**

their facilities as a result of completing the ISAs. Mr. Killar replied that some of the facilities identified safety improvements during the development of the ISAs. He also mentioned that the main efficiency benefit will come after the NRC review process is completed, and the licensees will be able to make some changes to the facilities without the need for NRC approval.

ACTIONS: None

**Facility-specific indicators of performance for fuel facilities**

Mr. Pierson stated that the NRC is interested in developing performance indicators for fuel facilities, similar to those in reactors, but specific to the industry. The NRC is interested in the industry perspective on this issue. The process would hopefully result in stream-lining the licensing and inspection processes. Right now, the NRC License Performance Review process only shows late predictors of performance, but performance indicators would provide information earlier. The NRC plans to begin engaging industry on the process of developing performance indicators at the August 4, 2005, workshop in Atlanta, GA. Ms. Federline emphasized that the NRC needs industry input on the development of these indicators.

ACTION: NRC to engage industry at the August 4, 2005, workshop.

**Security Assessments**

Mr. Pierson stated that the plan is NRC staff to review the draft security assessment reports, and then provide to the subject licensees for comment. The comments will be considered by the NRC staff in finalizing the reports. The original schedule was for the NRC to complete the final revision by September 2005, but the licensees have requested 30 days to review the draft reports. Mr. Pierson indicated that he is supportive of the extra time, because stakeholder input will lead to a better product. The new schedule will be determined after the NRC receives the licensee comments. Mr. Killar said that the licensees are more comfortable with the process than they were previously and that he believes the NRC is moving in the right direction. He asked what the final product will be from the security assessments. Mr. Pierson replied that it will most likely be a Commission Paper, but it is yet to be determined if the paper will be available to the public.

Bill Brach (NRC) commented on the progress of the Storage and Transportation Security Assessments, which are almost complete. The NRC staff is currently looking at previously issued Orders and mitigative measures to determine if additional measures are necessary. If staff determines that additional measures are necessary, the NRC will dialogue with affected licensees.

**ACTION:** NRC to provide the new schedule on final version of security assessment reports once established after receipt of licensee comments on the draft reports.

### **Burnup Credit and High Burnup Fuel**

Mr. Brach discussed both topics. He stated that the two topics are both significant, technically complex issues which are very important to the industry. While issue resolution has been limited due to the very limited data, incremental progress has been made on both issues. Separate ISGs with multiple revisions have been issued on each topic (ISG 8, burn up credit, and ISG11, high burn up fuel). He mentioned ongoing studies on high burn up fuel and burn up credit conducted by the NRC Office of Nuclear Regulatory Research (RES), Department of Energy (DOE), and the Electric Power Research Institute (EPRI). Mr. Killar asked when a report on burn up credit would be issued. Mr. Brach replied that we would get back to him on the schedule. Mr. Brach mentioned that the NRC continues to try to obtain burnup credit data from international sources. Margaret Federline suggested that the NRC consider how NEI might be able to help obtain that data.

Mr. Brach also mentioned that research is being conducted at Argonne National Labs is doing research on high burnup fuel. He believes that it is important to collaborate with stakeholders on both topics. Mr. Killar asked if the NRC has identified the most important parameters for high burnup fuel. Mr. Brach replied that our technical understanding of the topic and the data is still evolving as we are learning more about material ductility, hydride reorientation, temperature limits, and new cladding materials in high burn up fuel.

**ACTION:** Subsequent to the meeting, Mr. Brach obtained the following preliminary schedule for the collaborative burn up credit research work which has the first meeting tentatively planned with industry/stakeholders in early to mid calendar year 2006. Follow on work is envisioned to proceed over the next few years.

### **Use of Form 591**

Mr. Killar said that the use of Form 591 at fuel facilities has been limited and he asked if the NRC intended to use this form more extensively in the future (as opposed to the more lengthy inspection reports). Mr. Pierson replied that the NRC is planning to make greater use of the form, except in certain circumstances such as reactive inspections, new facility inspections, or inspections as a result of operational upset, or criticality safety inspections at this time. In those cases, we will continue to write inspection reports.

**ACTION:** Form 591 is accessible to the website and NRC via provide NEI with any applicable documentation associated with the use of it.

## Licensee Performance Review Process and the use of a significance determination for procedural non-compliance

Mr. Killar discussed the prescriptive nature of the process and mentioned that one particular concern is that procedural non-compliances need to be risk-informed. Mr. Pierson discussed how the NRC, with industry input, could revise the Licensee Performance Review process with the development of performance indicators to give early warnings, before license violations occur. He emphasized the need to move away from our current focus on process upsets and move toward focusing on the prevention of process upsets. He stressed that the development of these performance indicators will be a labor-intensive process. Mr. Killar advised that the performance indicators will need to be representative of each plant and not generic to the industry, given the uniqueness of each of the fuel facilities. Melanie Galloway (NRC) mentioned that one of the agenda items at the August 4, 2005, workshop is to discuss some criteria for developing a framework enforcement which would be consistent with 10 CFR Part 70 and allow flexibility for both the NRC and the industry.

ACTION: NRC to engage industry at the August 4, 2005, workshop.

## Electronic Information Exchange process issues associated with large drawings

Mr. Killar said that the industry is looking for information on how to format large drawings in order to submit them electronically to the NRC. Patricia Silva (NRC) replied that we will look into the issue with the appropriate NRC staff and get back to Mr. Killar.

ACTION: NRC to look into the appropriate format for electronic submittals of large drawings.

## Availability of revisions to the Inspection Manual and Enforcement Policy for industry review

Mr. Killar stated that industry is interested in participating in risk-informed revisions to the Enforcement Policy, after the ISA reviews are completed. He said that NEI will present their ideas at the August 4, 2005, workshop. Ms. Galloway suggested that NEI contact Tom Decker in Region II before the workshop in order to confirm their topic is on the agenda.

ACTION: NEI to contact Tom Decker in Region II before the workshop in order to confirm their topic is on the agenda for the August 4, 2005, workshop.

## Package Performance Study and industry involvement

Mr. Killar said that NEI is looking for an update on the schedule for completing the Package Performance Study (PPS). Mr. Brach answered that the Commission direction given in December 2004, which is publicly available, was to prepare a conceptual test plan for a train impacting a spent fuel rail cask on a rail car. Mr. Brach described the main elements of the test plan. The NRC staff provided an information



paper to the Commission earlier this calendar year outlining the details and projected costs of a proposed demonstration test. The staff has had much internal interactions with senior NRC management on the proposed test plan, which is not publicly available. Mr. Brach stated that the NRC staff plans to continue keep the industry and other stakeholders informed throughout the process.

ACTION: None.

### **Industry efforts for revising 10 CFR 70.24 - Criticality Alarm System**

Mr. Killar stated that NEI would like to have a rulemaking on 10 CFR 70.24 in order to make the rule less prescriptive and more performance-based and a draft proposed rule change is being circulated through the licensees currently. They plan to submit it to the NRC in the next few months. When they are ready to submit it, they will contact the NRC to ask for a meeting to discuss it.

On a related topic, Steven Kraft (NEI) mentioned an issue with the inconsistency in the application of the regulations in 10 CFR Part 50 and 10 CFR Part 72 regarding criticality safety requirements during spent fuel cask loading. This inconsistency in the application of the regulations is a growing burden for the licensees. NEI has prepared a letter to the NRC requesting a meeting to resolve this problem. A long-term solution would be rulemaking to revise Part 50, but there is a need for a short-term solution to help ease the burden on licensees.

ACTION: NMSS to meet with the Office of Nuclear Reactor Regulation (NRR) to discuss the technical aspects of the inconsistency in the application of the regulations between Parts 50 and 72 related to criticality safety requirements during spent fuel cask loading. NRC to meet with NEI to discuss short- and long-term solutions.

### **Draft Regulatory Guide 8.7**

NEI had technical questions, but NMSS referred them to RES. Since RES is the lead on this project, NEI agreed to contact the Project Manager in RES with technical questions. Ms. Olivier mentioned that although the comment period for this document ended on July 12, 2005, the Project Manager in RES (Sheryl Burrows) is willing to accept late comments until the second week of August 2005.

ACTION: NEI to contact RES to answer technical questions about draft Regulatory Guide 8.7.

### **Public Comments:**

A member of the public asked for clarification on a few acronyms.

### **Closing:**

The meeting was adjourned at approximately 3:30 p.m.