



72-07

August 22, 2005

10 CFR 72.7

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Palisades Nuclear Plant
Docket 50-255
License No. DPR-20

Exemption From 10 CFR 72.212(b)(7), 10 CFR 72.212(b)(2)(i)(A), and 10 CFR 72.214

Pursuant to 10 CFR 72.7, Nuclear Management Company, LLC (NMC) requests Nuclear Regulatory Commission (NRC) review and approval of a proposed exemption request for the Palisades Nuclear Plant (PNP). NMC proposes an exemption from the requirements of 10 CFR 72.212, "Conditions of general license issued under §72.210," and 10 CFR 72.214, "List of approved spent fuel storage casks." This proposed exemption is needed to support future loading of independent spent fuel storage installation (ISFSI) casks at the PNP, which would provide enough space in the spent fuel pool to re-establish full core off-load capability.

Specific exemption is requested from the requirement of 10 CFR 72.212(b)(7), which states, "Maintain a copy of the Certificate of Compliance and documents referenced in the certificate for each cask model used for storage of spent fuel, until use of the cask model is discontinued. The licensee shall comply with the terms and conditions of the certificate," and from the requirement of 10 CFR 72.212(b)(2)(i)(A), which states, "Perform written evaluations, prior to use, that establish that conditions set forth in the Certificate of Compliance have been met."

The exemption is associated with a Technical Specification (TS) of 10 CFR 72.214 Certificate of Compliance (CoC) No. 1004, which is issued to Transnuclear, Inc., for the Standardized NUHOMS® System. The TS involves the fuel specifications and associated fuel tables for the NUHOMS®-32PT model cask. 10 CFR 72.214 CoC No. 1004 currently lists amendments through Amendment No. 7. Specific exemption is requested to allow NMC to store fuel in the NUHOMS®-32PT model cask, using the revised fuel specifications of proposed Amendment No. 8 to CoC No. 1004, prior to the effective date of the final rule change to 10 CFR 72.214 to add Amendment No. 8 to CoC No. 1004.

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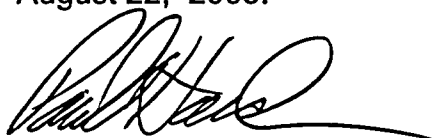
Enclosure 1 provides a detailed description of the proposed exemption requests. Enclosure 2 provides information related to the environmental assessment and finding of no significant impact.

The next loading campaign for ISFSI casks is scheduled to occur in the fall of 2005. NMC requests approval of this proposed exemption request by September 23, 2005, to support the loading campaign.

Summary of Commitments

This letter contains no new commitments and no revisions to existing commitments.

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 22, 2005.



Paul A. Harden
Site Vice-President, Palisades Nuclear Plant
Nuclear Management Company, LLC

Enclosures (2)

cc: L.R.Wharton, NRC, NMSS, SFPO
Project Manager, Palisades, USNRC
Administrator, Region III, USNRC
Resident Inspector, Palisades, USNRC

ENCLOSURE 1
DESCRIPTION OF EXEMPTION REQUEST

1.0 BACKGROUND

The Transnuclear, Inc. (TN), NUHOMS®-32PT storage system with the dry shielded canister (DSC) is designed to hold 32 spent fuel assemblies for independent spent fuel storage installation (ISFSI) deployment, commonly referred to as the NUHOMS®-32PT DSC or 32PT DSC, and is listed in 10 CFR 72.214 as Certificate Number 1004. This system is currently installed and in-use at the Palisades Nuclear Plant (PNP).

NMC plans to load fuel assemblies with low enrichment/high burnup, assemblies with stainless steel plugging clusters, and reconstituted fuel from the PNP spent fuel pool into the NUHOMS®-32PT storage system at PNP in the fall 2005. Loading of these types of fuel assemblies would not be permitted based on the current Technical Specifications (TS) for the NUHOMS®-32PT storage system.

On June 10, 2005, TN transmitted proposed Amendment No. 8 to Certificate of Compliance (CoC) No. 1004 to the Nuclear Regulatory Commission (NRC) (Reference 1). The amendment request includes, in part, proposed changes to TS 1.2.1, "Fuel Specifications," that include provisions for low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel for the NUHOMS®-32PT DSC. TN had proposed these same provisions earlier as part of proposed Amendment No. 9 to CoC No. 1004. The NRC reviewed proposed amendment 9 and issued a preliminary safety evaluation report (Reference 2). The changes in proposed Amendment 9 were subsequently incorporated into proposed Amendment No. 8 to streamline the approval process. Amendment 8 is currently in NRC review. NMC is requesting NRC approval for provisions that are included in proposed Amendment 8.

2.0 REQUEST

Pursuant to 10 CFR 72.7, "Specific Exemption," NMC requests an exemption from the requirements of 10 CFR 72.212, "Conditions of general license issued under §72.210," and 10 CFR 72.214, "List of approved spent fuel storage casks," for PNP.

Specific exemption is requested from the requirement of 10 CFR 72.212(b)(7), which states, "Maintain a copy of the Certificate of Compliance and documents referenced in the certificate for each cask model used for storage of spent fuel, until use of the cask model is discontinued. The licensee shall comply with the terms and conditions of the certificate," and from the requirement of 10 CFR 72.212(b)(2)(i)(A), which states, "Perform written evaluations, prior to use, that establish that conditions set forth in the Certificate of Compliance have been met."

This exemption would be limited to compliance with the requirements of TS 1.2.1 for 10 CFR 72.214 CoC No. 1004. Specifically, the exemption would be to allow the loading of low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel into the NUHOMS®-32PT storage system at PNP, which would be allowed by proposed Amendment No. 8 to CoC No. 1004.

10 CFR 72.214 CoC No. 1004 currently lists amendments through Amendment No. 7. Specific exemption is requested to allow NMC to store fuel in the NUHOMS®-32PT model cask, using the revised fuel specifications of proposed Amendment No. 8 to CoC No. 1004, prior to the effective date of the final rule change to 10 CFR 72.214 to add Amendment No. 8 to CoC No. 1004.

The duration of the proposed exemptions is requested for the period covering the upcoming cask loading schedule for loading seven NUHOMS®-32PT cask systems and would expire 90 days following the effective date of the final rule change to 10 CFR 72.214 to incorporate CoC No. 1004, Amendment No. 8.

3.0 REGULATORY REQUIREMENTS

The current TS for 10 CFR 72.214 CoC No. 1004, which is issued to TN for the standardized NUHOMS® system, contains the following requirements:

Specification 1.2.1, "Fuel Specifications," and the following associated tables for the 32PT system: Tables 1-1e, 1-1f, 1-1g, 1-2d, 1-2e, 1-2f, 1-2g, and 1-2h: do not include provisions for low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel.

Proposed Amendment No. 8 to the TS for 10 CFR 72.214 CoC No. 1004, as transmitted in a June 10, 2005, letter from TN to the NRC (Reference 1), includes the following proposed changes:

Specification 1.2.1, "Fuel Specifications," and the following associated tables for the 32PT system: Tables 1-1e, 1-1f, 1-1g, 1-2d, 1-2e, 1-2f, 1-2g, and 1-2h: would include provisions for low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel.

The NRC has previously reviewed the revised fuel specifications of TS 1.2.1, pertaining to the inclusion of provisions for low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel, and found them acceptable as documented in the preliminary safety evaluation report for proposed Amendment No. 9 to CoC No. 1004, as transmitted from the NRC to TN in a letter dated March 30, 2005 (Reference 2).

Proposed Amendment No. 9 to 10 CFR 72.214 CoC No. 1004, has since been incorporated into the latest revision of Amendment No. 8 to CoC No. 1004 (Reference 1).

4.0 JUSTIFICATION

10 CFR 72.7 allows licensees to apply for exemptions, and the Commission to grant exemptions from the requirements of the regulations, where the exemptions are authorized by law, will not present an undue risk to the public health or safety, and are consistent with the common defense and security. Exemptions are only granted when special circumstances are present. NMC asserts that the following special circumstances exist in support of this proposed exemption.

5.0 SPECIAL CIRCUMSTANCES

The proposed and direct final rulemaking to add Amendment No. 8 to CoC No. 1004 were published on May 25, 2005 (Reference 3). The NRC subsequently withdrew the proposed and direct final rule on July 15, 2005 (References 4 and 5). The effective date of Amendment No. 8 to CoC No. 1004 is not expected until late fall of 2005.

Therefore, the effective date of proposed changes to the fuel qualification tables and materials for the 32PT system that were incorporated into Amendment No. 8 to CoC No. 1004 has changed. The consequences of the change in the effective date for Amendment No. 8 to CoC No. 1004 are described in Enclosure 2 of this exemption request.

6.0 REFERENCES

1. Letter from U.B.Chopra (TN) to L. Raynard Wharton (NRC), "Request for Clarification to the Proposed Technical Specifications for Amendment No. 8 to the NUHOMS® Certificate of Compliance (CoC) No. 1004 (TAC No. L23653)," dated June 10, 2005.
2. Letter from L. Raynard Wharton (NRC) to U.B. Chopra (TN), "Proposed Amendment No. 9 to Certificate of Compliance and Preliminary Safety Evaluation Report for the NUHOMS®-32PT and -24PHB Dry Canister to the Standardized NUHOMS® System (TAC No. L23732)," dated March 30, 2005.
3. Federal Register Notice, Vol. 70, No. 100, page 30015, "List of Approved Spent Fuel Storage Casks: Standardized NUHOMS® -24P, -52B, -61BT, -32PT, -24PHB, and -24PTH Revision," dated May 25, 2005

4. Federal Register Notice, Vol. 70, No. 135, page 40924, "List of Approved Spent Fuel Storage Casks: Standardized NUHOMS® -24P, -52B, -61BT, -32PT, -24PHB, and -24PTH Revision; Withdrawal of Proposed Rule," dated July 15, 2005
5. Federal Register Notice, Vol. 70, No. 135, page 40879, "List of Approved Spent Fuel Storage Casks: Standardized NUHOMS® -24P, -52B, -61BT, -32PT, -24PHB, and -24PTH Revision; Withdrawal of Direct Final Rule," dated July 15, 2005

ENCLOSURE 2 ENVIRONMENTAL ASSESSMENT INFORMATION

The following information is provided in support of an environmental assessment and finding of no significant impact for the proposed exemption.

Identification of the Proposed Action

Nuclear Management Company, LLC (NMC) requests an exemption from requirements specified in 10 CFR 72.212, "Conditions of general license issued under §72.210," and 10 CFR 72.214, "List of approved spent fuel storage casks," for the Palisades Nuclear Plant (PNP).

Specific exemption is requested from the requirement of 10 CFR 72.212(b)(7), which states, "Maintain a copy of the Certificate of Compliance and documents referenced in the certificate for each cask model used for storage of spent fuel, until use of the cask model is discontinued. The licensee shall comply with the terms and conditions of the certificate," and from the requirement of 10 CFR 72.212(b)(2)(i)(A), which states, "Perform written evaluations, prior to use, that establish that conditions set forth in the Certificate of Compliance have been met."

This exemption would be limited to compliance with the requirements of Technical Specification (TS) 1.2.1 for 10 CFR 72.214 Certificate of Compliance (CoC) No. 1004. Specifically, the exemption would be to allow the loading of low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel into the NUHOMS®-32PT storage system at PNP, which would be allowed by proposed Amendment No. 8 to CoC No. 1004.

10 CFR 72.214 CoC No. 1004 currently lists amendments through Amendment No. 7. Specific exemption is requested to allow NMC to store fuel in the NUHOMS®-32PT model cask, using the revised fuel specifications of proposed Amendment No. 8 to CoC No. 1004, prior to the effective date of the final rule change to 10 CFR 72.214 to add Amendment No. 8 to CoC No. 1004.

The Need for the Proposed Action

NMC plans to load fuel assemblies with low enrichment/high burnup, assemblies with stainless steel plugging clusters, and reconstituted fuel from the PNP spent fuel pool into the NUHOMS®-32PT storage system at PNP in the fall 2005. Loading of these types of fuel assemblies would not be permitted based on the current TS for the NUHOMS®-32PT storage system. The current proposed Amendment No. 8 to CoC No. 1004, as transmitted in a June 10, 2005, letter from TN to the NRC (Reference 1 of Enclosure 1), includes proposed changes to TS 1.2.1, "Fuel Specifications," that include provisions for low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel for the NUHOMS®-32PT dry shielded canister (DSC).

The proposed and direct final rulemaking to add Amendment No. 8 to CoC No. 1004 to 10 CFR 72.214 were published on May 25, 2005 (Reference 3 of Enclosure 1). The NRC subsequently withdrew the proposed and direct final rule on July 15, 2005 (References 4 and 5 of Enclosure 1). The effective date of Amendment No. 8 to CoC No. 1004 is not expected until late fall of 2005.

Therefore, the effective date of proposed changes to fuel qualification tables and materials for the 32PT system that were incorporated into Amendment No. 8 to CoC No. 1004 has changed (Reference 1 of Enclosure 1).

A cask loading campaign is scheduled to begin at PNP on October 10, 2005. PNP does not currently have a full core off-load capability in the PNP spent fuel pool. The strategy behind the number of casks to be loaded in the upcoming cask loading schedule is to re-establish full core off-load capability. To meet this strategy, seven NUHOMS®-32PT cask systems are planned for loading (224 assemblies). PNP currently has sufficient spent fuel assemblies qualified to the requirements of Amendment No. 7 to CoC No. 1004 to load two NUHOMS®-32PT casks, which would not provide adequate space in the spent fuel pool to support a full core off-load.

Amendment No. 8 to CoC No. 1004, which includes revised fuel qualification tables and materials for the 32PT system, is required to complete the loading of the seven DSCs. Since Amendment No. 8 has been withdrawn as a proposed/final rule, an exemption request is the only option to pursue in order to implement the planned fall 2005 loading campaign at PNP. Therefore, the exemption is required to allow for the transfer of low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel to the NUHOMS®-32PT storage system at PNP for the fall 2005 loading campaign, which will re-establish full core off-load capability at PNP.

10 CFR 72.7 specifies that the Commission may grant exemptions from the requirements of 10 CFR Part 72 when the exemptions are authorized by law and will not endanger life or property or the common defense and security, and are otherwise in the public interest. NMC has concluded that these conditions for granting an exemption are met and has provided the justification in this submittal.

Environmental Impacts of the Proposed Action

All activities under consideration, associated with the proposed exemption, occur within a radiological controlled area. The proposed exemption does not involve a change in the types or amounts of effluents that may be released off site, and there is no significant increase in occupational or public radiation exposure as a result of the proposed activities. Therefore, there are no significant radiological environmental impacts associated with the proposed exemption.

With regards to potential non-radiological environmental impacts, NMC has determined that the proposed exemption has no potential to affect any historic sites. It does not affect non-radiological plant effluents, and has no other environmental impact.

Therefore, there are no significant non-radiological environmental impacts associated with the proposed exemption.

Environmental Impacts of the Alternatives to the Proposed Action

As an alternative to the proposed exemption, the Commission could consider denial (i.e. the "no-action" alternative). Denial of the exemption would result in no change to the current environmental impacts. NMC considers the "no-action" alternative to impact NMC's ability to provide affordable and competitive power since rescheduling of the fall 2005 loading campaign could impact future NMC budget planning.

Alternative Use of Resources

The proposed exemption does not involve the use of any different resources than those previously considered in the Final Addendum to the Final Environmental Statement Related to Operation of the Palisades Nuclear Plant, dated February 1978. Accordingly, the proposed action is not a major federal action significantly affecting the quality of the environment.