

June 30, 2006

Mr. Marvin S. Fertel, Senior Vice President  
and Chief Nuclear Officer  
Nuclear Energy Institute  
1776 I Street NW, Suite 400  
Washington, D.C. 20006

Dear Mr. Fertel:

The Commission appreciates industry efforts in support of the May 3, 2006 meeting concerning risk-informed and performance-based regulation. The Commission accepts the industry's proposal to conduct annual briefings of the Commission on the implementation of risk-informed and performance-based initiatives. In addition, the NRC staff will conduct semiannual meetings between stakeholders and NRC senior management to review progress in this area and to facilitate resolution of issues. Many enhancements to safety have been made and will continue to be made through the utilization of risk insights. As we heard in the May 3<sup>rd</sup> briefing, significant progress has been made on these initiatives but much work remains to be done. Therefore, continued attention to this work is warranted.

The responsibility for progress with risk-informed and performance-based initiatives is shared by the NRC and industry. As our work in this area progresses, many of the initiatives are dependent upon the improved quality and expanded scope of licensees' probabilistic risk assessments (PRAs). As you state in your May 15, 2006 letter, the industry "must undertake efforts to improve the infrastructure in order to realistically cope with the ambitious application, associated PRA development, model improvements and peer reviews that will be needed over the next decade." Your letter also stated that the focus of the industry's efforts would be on improving the quality of internal events at power PRAs and the development of fire PRAs. As you are aware, in October 2004, the Commission endorsed the staff's plan for a phased approach to PRA quality, which set forth a schedule for having consensus standards endorsed by the NRC for these as well as other aspects of the PRAs (e.g., low power, shutdown and seismic) by December 2008. It is important that the work to develop standards for these other aspects continues for applications where the potential contribution to safety is significant. Therefore, the Commission remains committed to achieving its December 2008 goal and seeks the industry's continued support on this important initiative.

Sincerely,

*/RA/*

Nils J. Diaz