

UNITED STATES NUCLEAR REGULATORY COMMISSION  
BRIEFING ON OFFICE OF INTERNATIONAL PROGRAMS (OIP) PROGRAMS,  
PERFORMANCE AND PLANS

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THURSDAY

JULY 27, 2006

9:30am – 11:00am

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The Commission convened at 9:30 a.m., Dale E. Klein, Chairman,  
presiding.

NUCLEAR REGULATORY COMMISSION:

DALE E. KLEIN, CHAIRMAN

EDWARD MCGAFFIGAN, JR., COMMISSIONER

JEFFREY S. MERRIFIELD, COMMISSIONER

GREGORY B. JACZKO, COMMISSIONER

PETER B. LYONS, COMMISSIONER

PRESENT:

JANICE DUNN LEE, DIRECTOR

OFFICE OF INTERNATIONAL PROGRAMS

MARTY VIRGILIO, DEPUTY EDO

MATERIALS, RESEARCH,

STATE & COMPLIANCE PROGRAMS

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CHAIRMAN KLEIN: Good morning. It is a pleasure for me to be here today. I think most of you realize that this is my fourth week of school, so this is an exciting time to be at the Nuclear Regulatory Commission. I think the next five years should be exciting, not only for us, but for the international community as well.

So we will hear today about the international programs. I think our collaboration and the leadership that the Nuclear Regulatory Commission provides in an international forum has been well recognized, so it is certainly good to hear about our programs today.

So today, our briefing will give us an annual update on the major international programs. This supports both our domestic program as well as our broader domestic international interests.

It is my understanding that this program has increased over the years, and I think it will probably continue to do that as the world looks at increased nuclear power generation. It also means that we have to make sure that we continue to have safe and secure programs, and this is of interest not only to the United States, but to the international community.

So the Commission looks forward to the staff presentation today to hear about our current and future programs. Any comments from our --

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I'm going to do something a little bit out of order, which is to welcome you on behalf of the Commission and staff. We had an adjudicatory affirmation meeting yesterday, but almost nobody ever attends those, so I held off until today.

I do want to tell you, I'm tremendously impressed by you in your first four weeks on the job. I think you are immensely qualified to lead NRC during the coming

1 times that we're going to have. They're going to be challenging times. Former  
2 Chairman Diaz always used to try to categorize me as the pessimist on the  
3 Commission. I always tried to correct him to say I was the realist on the Commission.  
4 But however you characterize folks, the former Chairman Diaz left a few issues for  
5 you to deal with. Not all problems have been solved. I'm sorry to let you know that.  
6 You're going to preside over the greatest demographic shift in NRC's history, with the  
7 loss of a large number of very experienced staff and the need to train larger numbers  
8 of incoming staff.

9 You're going to preside over the largest increase in NRC's workload in its  
10 history. We have got a few other problems -- FISMA, office space -- that will keep  
11 you fully occupied.

12 Together, I think we can meet those challenges, and I pledge to you that I,  
13 my fellow Commissioners, and the staff will do everything we can to make your  
14 tenure a successful one.

15 CHAIRMAN KLEIN: Thanks. I appreciate those comments, Commissioner  
16 McGaffigan.

17 COMMISSIONER MERRIFIELD: If I, Mr. Chairman, may make a comment:  
18 I think Commissioner McGaffigan has gone into great detail in welcoming you. I won't  
19 try to top it. I will say that I would concur with his comments, for the most part.

20 One of the things that you will you find is that on either side of you, you will  
21 have two members who is will frequently and politely disagree with certain elements  
22 of the other's statement, one of which is, as Commissioner McGaffigan did correctly  
23 repeat, that former Chairman Diaz did refer to him as the pessimist on the  
24 Commission. Given his own claims, I have to certainly claim, in the opposite stance,  
25 that I think I'm a realistic optimist on the Commission. Needless to say, we can

1 quibble with these things going forward.

2 There is a lot of work ahead of us. I think we are, as a Commission as a  
3 whole, committed to continuing to oversee the change in this institution and make  
4 sure it is meeting its safety mission in the way that the public expects and that the  
5 Congress anticipates.

6 So I look forward to our continuing to serve together. We have a lot ahead  
7 of us, and it's something I think jointly we all can work on. So I thank you.

8 CHAIRMAN KLEIN: Thank you.

9 With that, let's proceed forward. We will hear from the Director of our  
10 International Programs, Janice Dunn Lee, and then later from Marty.

11 MS. DUNN LEE: Thank you very much for that introduction. I'm very  
12 pleased to be here today. As you said, with me is Marty Virgilio, who is the  
13 Executive Director for Operations for Materials, Research, State and Compliance  
14 Programs.

15 The Commission's international program today is more than ever the result  
16 of a closely coordinated effort across the entire agency. Our joint presence here  
17 with the Commission signifies this unified approach.

18 While I will present the bulk of today's briefing, I would like to note at the  
19 outset that this is your first public meeting, and I welcome you to this. I'm happy that  
20 you're here, and I hope that this introduction into the myriad of NRC's international  
21 activities will be useful to you as you start your tenure here.

22 Today I will discuss the NRC's international activities, specifically, the  
23 accomplishments of the last year and the challenges ahead for FY 2007. The  
24 overarching goal of our program is to help the U.S. Government collaborate with  
25 national and international civilian nuclear regulatory programs to achieve,

1 commensurate with its risks, appropriate levels of safety, security, and emergency  
2 preparedness.

3           As the Commission and the staff know from its own international  
4 interactions, the NRC is considered the premier nuclear regulatory authority in the  
5 world, and its views are actively solicited and copied. It is also true that through  
6 these interactions, NRC is influenced, in turn, and learns from the experiences of  
7 others.

8           For this ongoing interaction to be effective and efficient, it requires  
9 Commission and management leadership, skilled and engaged staff, sustained  
10 funding, and the ability to set priorities and to manage complex programs in a  
11 dynamic environment.

12           To set the stage for my presentation, I would briefly like to outline the roles  
13 of the NRC's various offices in formulating and implementing the NRC's international  
14 programs. And I do this really for the edification of Dr. Klein, since this your first sort  
15 of introduction to it.

16           Under the Commission's direction, the implementation of our international  
17 efforts is jointly led by the Office of International Programs and the Executive  
18 Director for Operations.

19           The Office of International Programs, reporting directly to the Commission,  
20 provides policy guidance to the program offices, is responsible for the agency's  
21 import and export activities, carries out the day-to-day interactions, with bilateral and  
22 multilateral partners, implements certain bilateral assistance programs, and supports  
23 the Commission in the planning and execution of its international activities.

24           The EDO, through the program offices which report to it, provides technical  
25 advice and expertise as NRC implements U.S. Government legal obligations and

1 participates in bilateral and multilateral activities, including joint research programs.

2 As a result of the close coordination among OIP, the EDO, and program  
3 offices, NRC has maintained a position of influence, both within the U.S.  
4 Government interagency process and with our international counterparts.

5 I am proud to note that the staff embraces the Commission's demonstrated  
6 leadership in international activities and the fact that we have taken a leadership role  
7 in the world in nuclear safety and security matters.

8 Let me begin by briefly describing the major international program  
9 accomplishments over the last year, recognizing the success of our ability to lead  
10 and influence.

11 For consistency, I will bend these activities in the categories which are used  
12 now agency-wide, allowing us to systematically account for how we spend our  
13 resources and how we plan, prioritize, and budget for the future.

14 Our program consists of export/import licensing, treaties, conventions and  
15 legal obligations committed by the U.S. Government, bilateral activities, multilateral  
16 activities, and research cooperation.

17 NRC's ability to shape and guide the U.S. Government and its international  
18 partners is most clearly demonstrated in the field of export and import licensing. In  
19 support of the U.S. Government's commitment to implement the IAEA's Code of  
20 Conduct on the safety and security of radioactive sources, the Commission  
21 approved expedited rulemaking. I would like to right now personally thank  
22 Commissioner McGaffigan for his leadership in this activity, as he encouraged and  
23 helped create the momentum which placed the U.S. Government in the forefront of  
24 the world in implementing the Code.

25 Staff efforts in the development of the National Source Tracking System and

1 outreach to Agreement States, industry, and other stakeholders have ensured input  
2 and understanding to the new regulations. As a result, the United States has been  
3 among the lead in this important effort.

4 The staff continues its efforts to ensure consistent implementation of the  
5 rule. There are unique challenges in this effort, from developing a common  
6 understanding of consent and notification, and acquiring sufficient knowledge of  
7 other countries' regulatory infrastructure to make licensing determinations.

8 I would like to note the close attention and support of Commissioner Jaczko  
9 to both the licensing and source tracking arenas as he strives to ensure that efforts  
10 are consistent with those of our international counterparts.

11 In spite of these challenges, the Commission's goal of ensuring  
12 uninterrupted, legitimate commerce, while enhancing security, is being achieved.  
13 Since December 28, 2005, issuance of the new rule, the staff has authorized over 60  
14 licenses for risk-significant radioactive sources.

15 In addition, the staff has processed almost 100 licenses, including two  
16 high-profile, highly enriched uranium export cases, a license to export a nuclear  
17 power reactor to China, and issued byproduct material export licenses for the first  
18 time to Libya and India.

19 The U.S. Government has committed itself to a variety of legal instruments,  
20 and relevant Executive Branch and independent agencies are tasked with  
21 implementing these obligations.

22 I will next discuss several significant activities in FY '06 which required legal,  
23 political, and technical knowledge, dedicated resources, and close coordination with  
24 NRC's sister agencies. And I would like to note at this point, there are members of  
25 our sister agencies in the audience today, and I wanted to welcome them.



1           NSIR provided technical expertise in the U.S.-led effort to amend the  
2           Convention on the Physical Protection of Nuclear Materials. The ratification package  
3           for the revised convention is being prepared by the Department of State. In the  
4           meantime, NSIR is taking a leading role within the U.S. Government in parallel  
5           efforts to revise the IAEA Information Circular 225, Revision 4, which establishes  
6           guidelines for countries to implement the CPPNM. NSIR is also working with the  
7           interagency to ensure consistency within the family of IAEA security documents.

8           Also noteworthy are the multiple IAEA related safeguards activities  
9           underway. For example, while the Executive Branch and Congress consider the  
10          legislative package for the additional protocol for the agreement between the United  
11          States and the IAEA for the application of safeguards in the U.S., NSIR's staff has  
12          prepared the requisite rulemaking in parallel with the Department of Commerce and  
13          is working with licensees, which will report their activities under the additional  
14          protocol.

15          The staff is also working with the IAEA to prepare the new Louisiana  
16          Enrichment Services facility for selection of IAEA safeguards. Our close  
17          coordination helps to ensure that if LES is selected, the facility is constructed so that  
18          the information and access needed for implementing state-of-the-art processes are  
19          built in.

20          In April of 2006, the Office of Nuclear Material Safety and Safeguards  
21          represented the Commission at the triennial review meeting for the Joint Convention  
22          on the Safety of Spent Fuel Management and the Safety of Radioactive Waste  
23          Management.

24          The Executive Branch turned to the NRC for both expertise and leadership,  
25          with NMSS's Deputy Director Margaret Federline delivering the U.S. national report.

1           Let me also acknowledge NRC's continued support for two conventions  
2           which we hope to never have to use but which prepare us to respond in case of a  
3           nuclear-related event. These are the Convention on Early Notification of a Nuclear  
4           Accident and the Convention on Assistance in the Case of a Nuclear Accident or  
5           Radiological Emergency.

6           OIP and NSIR have ensured that the capabilities and activities needed to  
7           satisfy NRC commitments are incorporated into NRC's incident response program.  
8           These capabilities were most recently used in October 2005, when NRC shared its  
9           experience in preparing for severe weather events with our Mexican counterparts as  
10          tropical storm Stan approached the Laguna Verde nuclear power plant.

11          In March 2006, NRC concluded a nuclear safety technical exchange  
12          agreement with Ukraine, which put our 15-year relationship on a formal, regularized  
13          basis. We are now working on a similar arrangement with the Russian Federation  
14          and Bulgaria, which we help to complete in time for signing at the upcoming IAEA  
15          general conference in September.

16          This will bring our total number of agreements to 40 for technical information  
17          exchange. The completion of these agreements signifies a major step towards a  
18          more mature relationship and less of one of assistance.

19          NRC's program of cooperation with countries with mature nuclear programs  
20          is continuing, as well. A key leadership activity has been the international rollout of  
21          NRC's security assessments, most recently, through high-level briefings with  
22          selected countries.

23          This program is a result of a two-year planning and coordination effort. The  
24          Commission has also supported foreign counterpart observation at force-on-force  
25          exercises with licensees and the sharing of technical tools, including modeling, with

1 various countries. The response from these briefings and interactions has been  
2 extremely positive.

3 The major program offices continue to regularly engage with counterparts in  
4 France, Finland, Taiwan, South Korea, and Japan, to discuss operating experiences,  
5 power up-rate process, the status of risk-informed regulation, and construction and  
6 inspection programs. These exchanges are widely supported because the  
7 information received from our counterpart organizations has often had direct benefit  
8 to our domestic program.

9 In 2006, our international activities expanded as a result of the  
10 Commission's authorization of funding, specifically for bilateral nuclear safety  
11 exchanges. Funds have been used on several fronts to broaden NRC's cooperation  
12 with India in support of the Administration's initiative, including our participation in  
13 negotiating the Peaceful Uses of Nuclear Energy Agreement, to fund radioactive  
14 waste regulation work in Iraq, and also to develop a program of support to Georgia  
15 and Azerbaijan in reviewing the legislation and regulations, training staff, and setting  
16 up regional offices.

17 With regard to multilateral activities, NRC primarily works with the IAEA  
18 Nuclear Energy Agency. Over the past year, the staff has been fully engaged in  
19 supporting the work of the IAEA's Office of Nuclear Security, from reviewing its five-  
20 year action plan, to development of international guidance, to participation in  
21 assessment missions.

22 In this regard, NSIR's staff has helped to refocus IAEA documents on the  
23 security of sources, design bases and insider threats, sabotage and security of  
24 transportation. In the safety area, NRR and most notably, Frank Gillespie, led the  
25 successful, several-year effort in the study of license renewal, an activity which will

1 be sunsetted at the IAEA general conference this September.

2 The Commission should be proud to know that we set the model for license  
3 renewal through this activity for the rest of the world. Similarly, NRC influence came  
4 to the fore in the December 2005 meeting on the IAEA Code of Conduct on the  
5 safety of research reactors. NRC staff, in close interagency coordination, achieved  
6 consensus on refocusing the meeting from reporting, as done in the Convention on  
7 Nuclear Safety, to finding an effective means of sharing information through existing  
8 agency activities.

9 The staff's contribution the U.S. review of the IAEA's safety fundamentals  
10 document was key to presenting a cogent analysis and consensus path forward.  
11 This document is one of the cornerstones of IAEA's guidance to member states.  
12 And, through the leadership of Marty Virgilio, on the IAEA Committee on Safety  
13 Standards, NRC developed a consistent message, which kept the focus on effective  
14 and efficient practices in nuclear safety.

15 As part of its continuing activities in support of the work of the NEA, senior  
16 staff have emphasized greater coordination prior to and after attending NEA  
17 meetings. Research is leading an effort to ensure NEA activities support the  
18 greatest benefit to NEA member states and the U.S.

19 OIP also led the effort to have a U.S. official head the NEA Steering  
20 Committee, which will enable the U.S. to retain a leadership role in this important  
21 organization.

22 Staff has also coordinated the initial phase of the multinational design  
23 approval program with the NEA. As the MDAP secretariat, NEA hosted a meeting of  
24 ten countries in June of 2006 to roll out Stage 2. Stage 1 is also well underway, with  
25 bilateral meetings with France and Finland.

1           There are also a number of multilateral activities not encompassed by either  
2 the IAEA or the NEA which we follow because it has potential impact on U.S.  
3 regulatory programs.

4           In July, 2005, senior staff had their first meeting with representatives of the  
5 European Commission, which focused on safety and security initiatives. The  
6 reciprocal EU visit to NRC just happened yesterday, and there were staff discussions  
7 on safeguards practices in the U.S.

8           NMSS staff has also worked closely with the International Commission on  
9 Radiological Protection to ensure that the latest ICRP recommendations have  
10 practical application. At the end of August, the NEA and the ICRP, with NRC  
11 participation, will co-host here in Rockville one in a series of three conferences to  
12 address the latest ICRP recommendations.

13           One crowning moment demonstrating NRC leadership is our  
14 recommendation for and execution of the first IAEA-sponsored senior nuclear  
15 regulators conference in February in Moscow. This activity was deemed so  
16 successful that it will be convened on a triennial basis.

17           As the Commission heard in a briefing by Research in January of 2006,  
18 NRC's program of approximately 90 bilateral and multilateral agreements with 22  
19 countries enables us to have access to state-of-the-art facilities and to cooperate  
20 with counterparts in cost-saving programs.

21           One example of a successful program is the Holden Reactor Project. In  
22 addition to a broad range of research findings, a major benefit of participation is  
23 access to facilities not available elsewhere. Since its initial startup, the Holden  
24 boiling water reactor has been progressively updated and has now become one of  
25 the most versatile test reactors in the world. The NRC uses products and

1 information generated by the reactor when developing analytical tools and as the  
2 technical basis for certain regulatory positions.

3 Research staff is also taking a fresh look at existing programs to ensure that  
4 they meet the NRC's strategic plan goals. The staff is mindful of the benefits gained  
5 from participation in bilateral and multilateral research efforts, and at the same time  
6 NRC is setting priorities for participation in the many research forums, both here and  
7 abroad.

8 We also would like to take a moment thank Commissioner Lyons for his act  
9 of support for a robust research cooperative program. Staff has formed a close  
10 working relationship to ensure that all agreements are initiated and maintained in a  
11 timely fashion. NRC intends to send the Department of State a proposal that allows  
12 for increased efficiency, both at NRC and State, so that the renewal process for  
13 agreements is expedited.

14 I would like to briefly summarize policy issues that may be brought to the  
15 Commission for its consideration over the next six months to a year. In the export  
16 licensing area, based on past events, staff believes that there will be between three  
17 and five licensing actions for which we will have only short notice and fast  
18 turnaround.

19 Excuse me. I think my briefing is out of order. I'm sorry.

20 CHAIRMAN KLEIN: If yours is out of order, so is ours.

21 MS. DUNN LEE: Maybe it's not. Okay. I think we're on track. I could not  
22 remember if I had talked about another area. Okay.

23 So these are the anticipated policy issues that are on the horizon. In the  
24 export licensing area, based on past events, staff believes there will be between  
25 three and five licensing actions for which we will have only short notice and fast

1 turnaround.

2           The staff is continually working with other agencies to limit the number of  
3 these requests. In the area of legal obligations, the staff notes that two major  
4 peaceful use agreements of the Section 123 agreements that are currently under  
5 negotiation with India and the Russian Federation. The Commission will be called  
6 upon to review and comment on the terms and conditions of these agreements and  
7 other policy considerations.

8           In the area of bilateral activities, the ongoing rollout of security assessments  
9 will pose significant procedural, scheduling, and logistical uncertainties.

10           In the area of multilateral activities, staff notes that programs and processes  
11 at both the IAEA and NEA entail challenges. The Commission has supported the  
12 work of both agencies but is aware of deficiencies in the timely receipt of documents  
13 and the need for early interagency coordination and advance notice of meetings so  
14 that staff can budget appropriately to participate.

15           A further challenge will be preparing the NRC to handle MDAP-related  
16 requests from foreign counterparts from both budgeting and resource standpoints.

17           Finally, in the area of research cooperation, the Commission will be asked to  
18 provide guidance on future projects and staff participation based on NRC's limited  
19 resources.

20           Let me now address the longer-term challenges ahead. In preparing for this  
21 briefing, we asked ourselves how the next year will be similar to or different from the  
22 previous year and what future Commission decisions will arise from ongoing  
23 activities.

24           Throughout this briefing, I hope to demonstrate that this relatively small  
25 agency exerts a powerful presence both in the U.S. and abroad.

1 I spoke of our leadership role in the world in the implementation of our  
2 bilateral and multilateral activities. Leadership has another attribute: being chosen  
3 by peers to lead. To be chosen, one must have exhibited the ability to listen, to  
4 learn, to understand, and to act upon the concerns of others.

5 Our biggest institutional challenge is the capacity to acknowledge that we do  
6 not have all the answers. While we may be the premiere nuclear regulatory agency  
7 in the world, we do not have the current experience in many areas, such as  
8 regulating construction, licensing new designs, and regulating recycle facilities.

9 Like the rest of the world, we have embarked on new approaches to security  
10 to nuclear power plants and radioactive sources in quantities of concern. There are  
11 new countries with which we will be requested to interact, and that too will require  
12 listening and learning.

13 The staff will continue to work with the Executive Branch to advocate  
14 increased adherence to the Code of Conduct on the safety and security of  
15 radioactive sources and to develop an international consensus on its  
16 implementation.

17 This is an area in which we must proceed with diligence but also with caution  
18 because the uninterrupted supply of radioisotopes for medical and industrial uses  
19 directly impact the quality of human life.

20 The Commission, following the lead of Commissioner Merrifield, has  
21 requested that staff work with the Interagency to establish a role for the Institute of  
22 Nuclear Power Operations to participate in the convention on nuclear safety. This  
23 will enable industry to provide its prospective on the U.S. national report, and in the  
24 discussions at the 2008 review meeting, as is done in many other countries party to  
25 CNS.



1           In our bilateral activities, the agency must prepare itself and plan for  
2 increased international information exchanges in the area of new reactor  
3 construction and licensing.

4           The prioritization of this anticipated international work will require not only  
5 Commission guidance, but also extensive staff coordination. A good example of  
6 where NRC can benefit from technical exchange will be if China decides to construct  
7 and operate an AP-1000, as that will undoubtedly predate any decision to build in  
8 the U.S.

9           I note the developments of a few new countries that may lead to requests for  
10 general technical information exchanges. For example, Turkey is making a third  
11 attempt at starting a civilian nuclear power program. The Turkish regulatory agency  
12 has contacted OIP to inquire about possible assistance.

13           Libya has expressed a special interest in setting up an independent  
14 regulatory organization. The Department of State has contacted OIP to inquire  
15 whether NRC could assist in the development of a regulatory infrastructure.

16           Recently, the German regulatory authority formally invited NRC staff to  
17 consider working for an extended period of time. Such staff exchanges may appear  
18 to be problematic as managers consider current workloads. However, if  
19 implemented, the knowledge gained will provide us with a cadre of staff with  
20 specialized experience that will benefit NRC as it positions itself for the future.

21           In the multinational arena, the Global Nuclear Energy Partnership, GNEP,  
22 will test NRC's ability to develop legislation, revise regulations, understand new  
23 technology, and license first-of-a-kind facilities. It will also require interacting with  
24 many diverse countries on both a bilateral and multilateral basis. We anticipate that  
25 interactions will continue to increase, assuming that there will be new construction of

1 nuclear power plants in the U.S., even absent the GNEP.

2 This is an opportunity for the staff at all levels to be exposed to counterpart  
3 regulatory programs and should be viewed as beneficial for the development of the  
4 individual, of the agency, and of the U.S. energy program as a whole.

5 Another area of concern is that of continuing to monitor and actively engage  
6 in the development of the IAEA's program in safety and security. The NRC must  
7 remain vigilant in assuring the independence of compliance with legal obligations  
8 from unilateral incorporation of the IAEA safety standards, which are voluntarily  
9 adopted.

10 While NRC accepts the desirability of developing international standards  
11 with broad applicability, it does not accept the linkage between the safety standards  
12 and demonstrating a successful safety or security program.

13 Another area that I have not touched upon is that of transportation security.  
14 The harmonization of regulations and control of transportation of nuclear materials  
15 affects commerce around the world, including in the U.S. While NRC does not have  
16 the lead in this area, it does have significant equities, which are ably expressed  
17 under the leadership of Bill Brach in NMSS.

18 Transportation issues require close interagency coordination to establish a  
19 single U.S. position, which takes time and resources to accomplish.

20 Let me also mention some management and resource challenges. In May  
21 2006, Secretary of State, Condoleezza Rice, wrote to all U.S. Government agencies  
22 to request that they place a high priority on ensuring that the United States is  
23 equitably represented on the staffs of the United Nations and other international  
24 organizations.

25 NRC's ability to place people at multilateral organizations and provide

1 funding for those organizations will enhance its ability to influence them. Recently,  
2 we have been made aware of a number of positions at the IAEA, some of which are  
3 in the senior ranks, in which the NRC issues could be brought to a fore. We should  
4 be prepared to act on these opportunities.

5 Another possible avenue for NRC to support Secretary Rice's initiative is to  
6 consider creating an international career path within NRC. This will create depth and  
7 breadth in the technical staff to meet future needs in all subjects. The staff would be  
8 encouraged to apply for specific assignments, rotation, and opportunities to interact  
9 with international counterparts, including working at organizations such as the IAEA  
10 and the NEA.

11 The NRC would need to assure the individuals who participate in this  
12 program and their international work would be put to good use upon their return to  
13 the agency.

14 Similarly, we are looking at how best to replace others who have gone to  
15 work at the IAEA and NEA and are now interested in returning to the NRC. We have  
16 to demonstrate from the top down that we value the international experience.

17 I would also briefly note that our successful foreign assignee program has  
18 become a management challenge, as the agency struggles with finding sufficient  
19 space to accommodate a growing staff. Supervisors must also maintain an  
20 increased level of security awareness to ensure that assignees have a thorough on-  
21 the-job training experience without compromising the NRC's more stringent  
22 safeguarding of sensitive information.

23 NRC's international activities are prioritized within the current program and  
24 within a level budget. Prioritizing and strategizing are a challenge for any program,  
25 domestic or international. OIP and the program offices under the EDO, use a

1 number of tools to ensure that the budget reflects NRC's priorities.

2 In closing, I wish to note that the prosperity of modern business in the  
3 nuclear arena is contingent upon successful globalization. No matter how large your  
4 domestic market is, it is dwarfed by the global marketplace. To neglect or reject the  
5 opportunities in the international arena is, in essence, to reject the very future of our  
6 business.

7 NRC has demonstrated leadership in a wide variety of international forums,  
8 and we need to continue to do so, to collaborate with our counterparts and to  
9 participate in new developments in which we can affect others and which will, in turn,  
10 affect us.

11 This concludes my presentation, but let me turn to Marty Virgilio for his  
12 remarks.

13 MR. VIRGILIO: Thank you, Janice. I would like to extend a good morning to  
14 Mr. Chairman and members of the Commission here with us today.

15 Part of my presentation will duplicate some of what Janice has already said,  
16 but I will try to get into a little bit more detail on some of those issues. The staff has  
17 continued to take actions toward improving the performance of our international  
18 programs, and what I want to highlight are some of these things that we have done just  
19 over the past year since our last meeting with the Commission.

20 When I'm talking about our programs, I'm talking about some of the same  
21 elements that Janice talked about: the bilateral and the multilateral activities that we  
22 engage in; our cooperative research activities; some of the training missions that we  
23 participate in, as well.

24 What I want to do is talk about some of the areas where we've improved the  
25 controls over those activities and, in fact, improved the quality of our products.

1 I also want to just focus in on five areas that I believe will be policy issues  
2 that we'll be engaging the Commission around over the next several months to the  
3 next year.

4 First of all, focusing on actions that we have taken to improve our  
5 performance: The technical program offices -- and in this regard, when I talk about  
6 the major offices, I'm talking NSIR, NRR, Research, and NMSS. They have all  
7 increased their focus on prioritizing and scheduling work in the international arena  
8 and have increased their focus on the quality of the products and cost of the  
9 products that we are producing.

10 OIP and the program offices have been working very collaboratively to  
11 develop new measures for our operating plans, measures of success in the  
12 international activities, and templates for prioritizing work. And as Janice said, this is  
13 one of our challenges. We have a certain amount of resources and we have a lot of  
14 demands from the international arena. And we have to balance that and make sure  
15 that we are investing in the areas where we get the most benefit.

16 Other things that we are looking at is improving our time and labor  
17 accounting. As Janice mentioned, the resources that we are expending in this area  
18 have increased over the last several years, and it is important to know and manage  
19 those increases.

20 The next area is, we have taken a number of steps to improve the  
21 effectiveness of our international interactions. And we have broken it down into a  
22 number of steps. First, we need to make and we are making more choiceful  
23 decisions around where we participate. This goes back to the prioritization issue.  
24 We want to be careful and, again, choiceful about who we select to represent us at  
25 these international exchanges.

1           There is a balance here, and in some areas this is an ideal opportunity to  
2 develop our staff, as Janice has said. In other areas, you want a more senior  
3 technical staff representative or senior manager to participate in the international  
4 activity. I think, over the last year, we have improved our performance in this area  
5 significantly.

6           Another area is, making sure that we have clearly-defined purposes and  
7 objectives for each international interaction that we undertake and that the people  
8 that are representatives are aligned to the Commission policies. And in that regard,  
9 something that we have done, just a little tool that we've put into place, is what we  
10 call the pre-trip notifications. This is a wonderful tool for internal communications  
11 because, 30 days before any traveler goes out on a trip, what we do is announce  
12 who is going, why they are going, what's the objective of this trip, what are the  
13 individual's roles and responsibilities? So it gets out to a wide distribution both within  
14 the staff and on the Commission staff as well. It allows us to weigh in to make sure  
15 that the traveler is aware of a particular issue that might be coming up or a particular  
16 interest that any one of us might have and I know we do that. So I think that is  
17 working very well.

18           Prompt feedback of information that we gather on the trips: We have now  
19 put in place quick-look trip reports. So within ten days after the traveler completes  
20 the trip, the expectation is, there is a quick-look report that's a page, a page and a  
21 half that sort of summarizes against what was sent out in the pre-trip notification.  
22 What did the traveler do? Were the objectives met? This has been a very good  
23 tool, as well.

24           The last stage of this is then taking that feedback from whatever interaction  
25 we have and incorporating it into our programs, which is something that I think we

1 have done better at over the last year as well.

2 Now, I wanted to talk a little bit about some of the committee interactions  
3 and the multilateral interactions that Janice spoke about, both at the IAEA and NEA.  
4 We have, I think, done a tremendous job of increasing our internal coordination  
5 around our objectives in multilateral exchanges. I'll point to an example. When we  
6 were working this year on the safety fundamentals, a document that IAEA has just  
7 recently published -- and I believe it will be endorsed at the general conference in  
8 September -- it just could not have worked out better in term of coordination.

9 Janice was at the NEA steering committee meeting and made sure our  
10 interests were known. At the committee meetings that we have on radiation  
11 protection, transportation, waste safety, and materials safety, each of our committee  
12 representatives had the same issues, the same theme. So we went in with a  
13 consistent set of comments, a consistent set of objectives. And when that document  
14 came forward to the Commission on Safety Standards that I sit on, it was resolved.  
15 They had pretty much endorsed and accepted all of our recommendations. So it  
16 was a wonderful, well-coordinated and just an example of, I think, what we are doing  
17 today, which is very different than I think we handled our international interactions as  
18 I look back three or four years ago. So that has gone very well.

19 Each of the IAEA committee representatives today is doing that. They are  
20 implementing what I would consider complementary strategies toward a given set of  
21 objectives that we define at the beginning of each year and as we go, as new issues  
22 emerge.

23 What we need, our challenges today, I think, with the IAEA, and in that  
24 forum, we still want to see better work plans coming from the IAEA to allow us an  
25 opportunity to plan, to strategize, to make sure that we're most effective when we

1 engage with the IAEA.

2 We are also trying to urge IAEA into a more cooperative sponsorship around  
3 the IAEA standards, engaging organizations like ICRP, NEA, WENRA, the EU,  
4 getting that -- instead of fighting one another and arguing about positions or having  
5 contrary views out, to try to consolidate and have one view around international  
6 standards.

7 Another area that we are working with the IAEA on is, what is the role of the  
8 IAEA standards when it comes to a well-developed member state like the United  
9 States? In our view, it is a tool to be used to assess the effectiveness of our  
10 programs, not a checklist or some document where you prescriptively benchmark  
11 against the programs.

12 Again, what we are trying to do here is focus on outcomes; make sure that  
13 the underlying interests are, in fact, satisfied. Parallel to these efforts at the IAEA, if  
14 we look at the NEA, our committee representatives there are in parallel  
15 implementing some complimentary strategies towards some very specific objectives  
16 that we have in mind with respect to those programs.

17 The first I would point to is the Committee on Nuclear Regulatory Activities,  
18 the CNRA. Our objectives here are to implement a recently approved operating plan  
19 that they have put into place, to now see that the value associated with increased  
20 discipline and focus on specific areas bears fruit.

21 If we look at the other major committee within NEA, that is the Committee on  
22 the Safety of Nuclear Installations. Their operating plan is nowhere near as mature  
23 as what we have on the other side of the house. So our efforts here are focused on  
24 leading and supporting the NEA and bringing that plan to the same level of maturity.  
25 So we have plans, focus, we know we're focusing on the highest priority areas at the



1 CSNI.

2 Another issue for the CSNI, which is more of the research side of the  
3 organization, is to make sure that our sponsorship and international sponsorship and  
4 participation in the physical facilities, the research facilities, are the right areas to  
5 focus on, and that we are not inadvertently or even deliberately keeping facilities  
6 alive without good purpose. So those are our challenges and our focus areas at the  
7 NEA.

8 I just want to now focus on maybe five of what I would consider are near-  
9 term policy issues, where we are going to be engaging the Commission and looking  
10 for your assistance and feedback. The first Janice mentioned is the International  
11 Commission on Radiation Protections recommendations. They are now in the  
12 process of consolidating all the advice that they have developed since the 1990's,  
13 ICRP 60 time frame, and formulating a set of recommendations.

14 In addition to this consolidation, what they are doing is, they are looking at  
15 the fundamental principles around justification, optimization, and dose limitation.  
16 They are updating and enhancing those. They are also looking at updating the  
17 biology and physics associated with radiation exposure and developing a framework  
18 for an approach for protecting non-human species.

19 We are examining the bases very closely for these recommendations, and  
20 we are looking to see if they suggest that changes need to be made to our regulatory  
21 programs.

22 We will be sharing our views on the ICRP proposal within this next week  
23 coming up with the Commission, and that will set us up and hopefully get feedback  
24 from the Commission. We have an NEA-sponsored North American Forum. That's  
25 coming up here August 28th and 29<sup>th</sup>. Commissioner Lyons is going to be giving the

1 keynote address at that forum. I'm going to be chairing it. It is going to provide us  
2 an opportunity to engage with all the stakeholders locally. And this is, as Janice  
3 said, one of three of these forums that they are going to have internationally, and  
4 hopefully share our views, hear the views of others, and then help shape the final  
5 recommendations that are due out sometime over the next year or so.

6 The second issue is very related to that. That's IAEA's safety standards for  
7 protection against ionizing radiation and the safety of radiation sources. It's known  
8 as the BSS.

9 The IAEA has begun a program, and what they want to do is start updating  
10 the BSS. Again, they want to do this based on the safety fundamentals document  
11 that I spoke of earlier, and they want to do it based on the changes to the ICRP  
12 recommendations. Here again, we want to make sure that any changes that are  
13 being made to the BSS, are based on sound science, because they will, in fact, have  
14 an impact on our programs.

15 We have continued to provide IAEA comments on some of their security  
16 documents. I know Commissioner McGaffigan has been very engaged as we have  
17 worked on a document called Security of Sources, it was Tech Doc 1355, for those  
18 of you who have been engaged in this in the past. It provides – it's just a generic  
19 framework for the requirements that one might impose on the security and safety of  
20 radiation sources of the highest category, the IAEA categories 1, 2 and 3.

21 So that is a very important issue, and we will be bringing forward  
22 recommendations to the Commission on how to proceed on that probably within the  
23 next several weeks. That will be our first round of comments, and then that  
24 document will go out for member state review. So we will have a second set to  
25 comment, or opportunity to comment.

1           The next area is the IAEA's Integrated Regulatory Review Service, the IIRS.  
2           The NRC has made a commitment to do a self-assessment in the reactor arena in  
3           this area. We will use the IAEA standards as a point of reference in assessing our  
4           programs. Again, we want to avoid that becoming a checklist against which we  
5           judge our programs. We are here looking at outcomes, looking at what the  
6           underlying interests are. And it will provide an opportunity for the NRC to assess our  
7           programs against those standards.

8           The last issue Janice mentioned is, we do need to look more closely with the  
9           IAEA on the selection and implementation of safeguards. The first step is going to  
10          be LES, and it's our understanding that the Director General now has that under  
11          consideration as to whether they will impose safeguards and, if they will, whether it  
12          will be as part of the base program or voluntary program.

13          Following that, we are going to have to look at the USEC enrichment facility,  
14          and following that, we will have the high-level waste repository and the GNEP  
15          facilities to consider as well. All of these, I think, will present policy issues for which  
16          we will be needing the Commission's advice and guidance.

17          That's all I wanted to say about the program at this point in time. Let me turn  
18          it over to Janice again before we respond to questions.

19          MS. DUNN LEE: Thank you, Marty. I just want to really take this time to  
20          note Marty's really active participation in the international area. His leadership has  
21          made a big difference, I think, in terms of how we coordinate with one another here  
22          at NRC. We have a much more disciplined approach. We are much more well  
23          coordinated, and he's very supportive of how we get to our priorities. So I want to  
24          thank him for his active involvement. Now we are ready to answer questions.

25          CHAIRMAN KLEIN: Thank you, Janice and Marty, for that update. One of

1 the questions that comes up -- and both of you touched on it near the end -- is  
2 coordination and communication. And I guess, Janice, the question for you is:  
3 nuclear issues are really worldwide, as you know, even though we have no RBMK's  
4 in the United States, the fact that there has been an accident with an RBMK has an  
5 impact on nuclear worldwide.

6 How do you communicate safety issues, safety culture, on what works in the  
7 United States, and then how do you communicate those issues with other countries  
8 so we can take good practices that they have? How do you gather those, and then  
9 how do you feed those into Marty's activities?

10 MS. DUNN LEE: Well, I think it happens regularly by our participation in all  
11 of these multilateral and bilateral activities that we do. It give us the forum to  
12 exchange information, to impart practices, to look for best practices. We come back,  
13 we talk with our staff, we try to inform the Commission of the things that we learn  
14 and how it might influence our regulatory program.

15 So it would really happen in these multilateral and bilateral activities, which  
16 are numerous. They go on every day and all around the world with nuclear  
17 programs.

18 We try to obtain efficiencies by participating in the multilateral fronts because  
19 that is where a greater number of countries are able to gather together to benefit  
20 from the information that is exchanged. But we really do treasure our bilateral  
21 assistance activities with the countries that we have similar programs and  
22 philosophies, and we learn certain technical areas that they might be focusing on,  
23 and it really helps to enhance our ability to address similar problems.

24 MR. VIRGILIO: Just to add: On a day-to-day basis, the IAEA has  
25 established a forum for that notification, and to most of our desktops today, we get,

1 as events occur internationally, that information popping up. You will get an e-mail  
2 notice that there is an event. We take that information and respond immediately.  
3 We think about, what are the impacts for our program. Similarly, events that occur in  
4 the United States go up on that same database.

5 So on a day-to-day basis, for the fast-breaking events that have significance,  
6 that is another area I would add to what Janice said, which is more programmatic.

7 MS. DUNN LEE: And I think our ability to communicated is better today than  
8 it was three years ago. We have the ability to video conference almost immediately  
9 if there is a need to exchange information. So I think there are tools that are  
10 available now that enhance the ability to communicate.

11 CHAIRMAN KLEIN: Obviously, in a era of budgeting, we all would like more  
12 money to do things. If you had a budget -- and I'll ask both of you the question -- I'll  
13 ask Janice first. If you had a budget increase, what is your number one priority?

14 MS. DUNN LEE: I think if we had a budget increase -- money is everything,  
15 okay? And it talks, and it talks big. And I think that's where we are a little bit  
16 hindered in our ability to influence more. If we had more money, we could actually  
17 make contributions to these big programs, such as the IAEA's security program,  
18 where we have had a lot of focus.

19 I think we would be taken, not more seriously, but we would have greater  
20 weight in terms of who's paying the bill. So I think that it would help our ability to  
21 influence more.

22 With regard to staff, I think if we had more money, we would think about  
23 placing more people in these organizations, because it is all about money and  
24 people. And so I would say that's how I would address it.

25 CHAIRMAN KLEIN: Marty?

1 MR. VIRGILIO: Thank you, Chairman. I think we have to prioritize our  
2 international interactions. There are trips that we do pass up on -- training  
3 opportunities, meetings, exchanges, where we can give information and receive  
4 information. I would work us down further in the prioritization list because at some  
5 point, we have to cut it off because we do have limited funds. Today, I think there is  
6 a desire on the part of the international community to see us get more involved in  
7 training and mission activities. They serve a benefit both looking outward and back  
8 into the staff. And we do have to draw the line.

9 MS. DUNN LEE: One more thing I would say is, research is a pretty  
10 important area in terms of, if we had more money, I think we could be more fulsome  
11 in our support of some of these programs that are out there that we have to really  
12 take hard looks at in terms of what benefit we are getting.

13 CHAIRMAN KLEIN: Commission McGaffigan?

14 COMMISSIONER MCGAFFIGAN: Thank you, Mr. Chairman. Janice was  
15 being delicate there. I will always be a little bit more blunt. Congress, over the years,  
16 because we are a largely fee-based agency, has tended to give missions to the  
17 Department of Energy that arguably should have been given to us. We arguably  
18 should be the lead agency because we are the lead agency domestically for the  
19 safety and security of sources. Yet, Congress, through the Armed Services  
20 Committee, have given a major role to the Department of Energy there. Clearly, they  
21 can be very helpful, and clearly, we need to work together as the two agencies. But  
22 DOE has all the money, and we have all the knowledge about how we actually  
23 regulate domestic commercial activities in the source area.

24 MS. DUNN LEE: Be careful, we have DOE people in the audience..

25 COMMISSIONER MCGAFFIGAN: And they've heard me before. We

1 worked out -- I think things are working out much better now. I commend  
2 Commissioner Merrifield for his diplomatic skills in working with DOE. But that is the  
3 delicate point. If Congress would just give us the money in areas where we have the  
4 expertise rather than giving it to AID and having AID give us the money, or giving it to  
5 DOE and having DOE sort of work with us, it would be nicer.

6 But that has not been the history. The history has been to give it to DOE.  
7 So that's the non-delicate version.

8 I do want to say, in my brief time, that I think that we are infinitely better off  
9 today than when I joined the Commission in 1996. We really do have an integrated  
10 effort today, and I want to commend Janice and Marty. It has been consistently  
11 getting better.

12 You did not see the dark days when we sort of had a Director of International  
13 Programs, who will remain unnamed, who sort of conducted the program on his own,  
14 with relatively little discussion with the Commission and almost no information  
15 systems about what was going on in international programs.

16 That day is long past us, and I think I see continued improvement.  
17 Particularly, I see people around the audience -- Don Cool has been central on the  
18 ICRP issue, and he's worked with ACNW. We're going to have a conference, and  
19 I'm sure he is going to have a role in the conference in late August. We have been  
20 consistently a little bit skeptical of where ICRP has been going, and deeply skeptical  
21 when it comes to flora and fauna; skeptical in other respects. We have a sister  
22 agency, OSHA, that is very interested in updating its archaic standards for  
23 occupational dose that go back to --you know, ancient ICRP documents that were  
24 promulgated in the 60's and OSHA's rules in the 70's.

25 And Don was, again, a person who constructed NRC's comments to OSHA

1 about how, if we are going do that, if we're going to update occupational dose  
2 standards, which may well be reasonable -- DOE has talked about it, as well. We  
3 might want to do it as a combined government.

4 We might want to update President Reagan's 1987 guidance first, then,  
5 once we update the Presidential guidance, NRC, EPA, DOE, and OSHA could all  
6 update their guidance. Every agency but OSHA updated their guidance to the 1987  
7 President Reagan guidance. OSHA didn't, and so we have issues there. But Don  
8 has been great, Cindy Jones, who I don't see in the audience, has done a great job  
9 in updating the IAEA Tech Doc 1355, and she has been on the committee that has  
10 been doing the consultancy. She had a very good meeting. I guess we are still  
11 looking for the result of that meeting to make sure it is consistent with what she  
12 thought was the result of the meeting, and we will see that very shortly.

13 But we have -- I think, sort of across the board, we do really have now an  
14 integrated effort that thinks about what we want to accomplish and then ties it back  
15 to our domestic regulatory responsibilities, not only for us, but oftentimes for the  
16 government as a whole.

17 In the area of transportation, which Bill Brach is in charge of, we have a law  
18 that requires us to update our standards consistent with the IAEA standards. We did  
19 that. The Ninth Circuit just recently tossed out a challenge by certain groups to the  
20 DOT and NRC rules that were promulgated in response to the last go around. So  
21 those are now on a firm basis. I suppose they could be appealed to the Supreme  
22 Court. It doesn't seem likely. I'll stop there. We are in better shape. There wasn't a  
23 question there. It was more soliloquy, but it's part of the education effort for a new  
24 Chairman. Thank you.

25 COMMISSIONER MERRIFIELD: So in terms of -- I want to start off with



1 some comments. Janice, I appreciate your comment relative to INPO. Prior to the  
2 Chairman joining the Commission, the previous Commission did unanimously  
3 agree – I think it was unanimous --

4 COMMISSIONER JACZKO: It was not unanimous.

5 COMMISSIONER MERRIFIELD: It was not unanimous. Sorry.

6 COMMISSIONER MCGAFFIGAN: Almost unanimous.

7 COMMISSIONER JACZKO: I'm not going to say who was the un-  
8 unanimous.

9 CHAIRMAN KLEIN: I think even I know that answer.

10 COMMISSIONER MERRIFIELD: -- to a proposal that would allow INPO to  
11 collaborate. This is something that our international counterparts urged at the last  
12 convention. I think your staff is working hard with our counterparts at State and  
13 elsewhere to make that happen, and I look forward to our being able to coordinate  
14 with INPO to have a robust presentation at the next convention.

15 In terms of rotational assignments, Janice, you talked a little bit about the  
16 need to make sure we do provide those opportunities for our staff.

17 Just a comment on my part. I do think, while I appreciate, Marty, your  
18 comment about the need to place appropriate senior folks in various positions, I do  
19 want to make sure that we are not erring too much on that side. There is a general  
20 tendency to have folks who are closer to their retirement than nearer to it participate  
21 in those. I do think we need to have appropriate opportunities for younger members  
22 of our staff to do those rotations, as well.

23 Related to our international counterparts, I do think it is very helpful. We  
24 have trained a number of regulators around the world. I forget the last count, but I  
25 think it was over 600 folks that we have hosted over the years. We do have some

1 pending requests, I know, from Spain, Germany, Korea and Japan. For my part, I do  
2 think we need to be open, in particular to countries which have developing programs.  
3 The aforementioned group obviously has robust programs, and we certainly want to  
4 provide bench markings opportunities and learning opportunities for them, but there  
5 are a lot of countries, some of which you mentioned, Janice, where I think we do  
6 need to provide opportunities for the emerging folks.

7 In terms of a comment you made on slide 11, Janice, relative to some of the  
8 timing, the short turnaround licensing actions, I do reflect on a discussion I had with  
9 Dick Stratford a couple of months ago at this point. I think Dick was unaware to the  
10 degree to which the Commission was being given some very short turnaround times  
11 by his staff. My hope is -- and certainly, if we've got State Department folks sitting in  
12 the room, I hope we can resolve that. The Commission deserves an appropriate  
13 amount of time to review those requests, and Dick agreed that a request for 24-hour  
14 turnaround time for a five-member Commission, it seems to be to be personally  
15 inappropriate.

16 Marty, turning to you, I appreciate the discipline that you have talked about  
17 in focusing on how we deploy our activities, both on a Research basis and on an  
18 NRR basis. I know you are responding to the desire of the Commission for more  
19 robustness in the planning of those activities and the reporting of that.

20 My concern is that we not overcompensate in that regard. We learn a lot  
21 from our international counterparts. Janice mentioned the need we will have to learn  
22 relative to new reactor orders, a lot of the inspection work we have not done on new  
23 reactors in a long time. Certainly on the research front, I think we have all,  
24 particularly Commissioner Lyons, made comments about the need to really  
25 understand what is going on internationally in the research arena.

1           And finally, I think we have to be very careful about simply picking topics that  
2 we are going to be involved with because we can put our finger on a demonstrable  
3 return on investment. This is something that we can certainly use and measure as  
4 to our program. I think there's a lot of occurrences in which we have a lot to share  
5 internationally, and we should do that.

6           There are also cases where we may have a particular given issue that we  
7 feel resolved on, but a lot of activity in international codes could influence where  
8 that's going to go. If we are not there, we could see a blowback on that later on.

9           So I just want to have you sort of comment on some of that and give me a  
10 better comfort level that we are looking at this in a more balanced and harmonized  
11 way.

12           MR. VIRGILIO: We are. I didn't mean to come across as being prescriptive  
13 about cost/benefit on each trip or each international activity that we take. We  
14 recognize that, in some of the engagements, we are well past this. We have  
15 developed and implemented our programs, and there is something to be given. And  
16 then we also realize that -- we are not so arrogant as to go forward without  
17 recognizing that we have a lot to learn.

18           So we do try to -- again, it is the prioritization issue. At some point,  
19 resources do limit our ability to engage in all the areas where we would like to  
20 engage, but while we are putting discipline in the process, we are looking at  
21 opportunities to get the staff out -- as you have suggested, some of our junior staff --  
22 to get them out into the international arena, to prepare them and to help develop  
23 them as well. So that is another area where we can, we will, in fact, get people out in  
24 an area where, well, gee, maybe that individual does not have a very well-defined  
25 role for that meeting other than to learn, but we will do that.

1 COMMISSIONER MERRIFIELD: I appreciate that comment.

2 CHAIRMAN KLEIN: Commissioner Jaczko?

3 COMMISSIONER JACZKO: I had a question about the Code of Conduct.  
4 The Commission has been getting regular reports from your office, Janice, which I  
5 certainly appreciate, and I'm sure the rest of the Commissioners do as well, about  
6 the status of other countries implementing the Code. I think, in the latest paper on  
7 that, certainly there is some progress on the part of G8 countries, but there's also  
8 some shortfalls. For instance, I think, in the UK, they have implemented some  
9 aspects of the Code, but not all aspects of the Code. Other countries, in Europe in  
10 particular, may be following the HASS directive, which has some slight differences  
11 from the Code of Conduct, as well.

12 So I'm wondering if you can comment at this point on what kinds of things  
13 you think the Commission can be doing right now to really kind of revive this effort to  
14 get good compliance with the Code and really get – in particular, the G8 countries,  
15 which have made commitments to implementing the Code, to get them to fully  
16 implement the Code so that we have more of a level playing field when it comes to  
17 these import/export issues?

18 MS. DUNN LEE: Thank you for that question. We are very actively  
19 continuing to work on the Code. Even though we have implemented the rule, there  
20 are a lot of implementation issues that are out there that need to be addressed, and  
21 that we are having dialogue with G8 countries and others through multilateral  
22 meetings on the margins of meetings related to Code of Conduct.

23 So I think those meetings are extremely important to facilitate the sort of  
24 understandings or lack of understandings out there, and there are several of them.  
25 We have a paper coming to the Commission which really highlights some of these

1 misunderstandings with regard to adequacy of regulatory infrastructure,  
2 authorizations for importing countries, consent, what does that mean, is there a  
3 common understanding for that, notifications, timeliness, what does that mean.

4           So these are big issues for countries to grapple with. While we strive for  
5 consistency, every country has its own set of laws and regulations and processes for  
6 which they develop. Some may declare we're done, and we are trying to find out,  
7 what does that mean, does it track well with us. We certainly are continuing to work  
8 with the State Department to encourage more countries to sign on to the Code. That  
9 is a priority for our State Department, and certainly we are right there behind them  
10 encouraging that.

11           So I think it is important to continue actively engaging with countries not only  
12 on the multilateral level, but bilaterally, too, and with the G8 countries, which we've  
13 started to. We have actually had meetings with our Canadian counterparts to make  
14 sure that there is a level playing field. And I think those conversations have been  
15 mutually beneficial to both sides. And we continue that, and we continue to learn  
16 from that.

17           COMMISSIONER JACZKO: Thank you. I want to switch gears just a little  
18 bit. Marty, I had a question for you. Well, actually both of you certainly can  
19 comment on it, but I think maybe, Marty, it's a little bit more specific to you. This has  
20 to do with a lot of the work that is going on in international research. And I really  
21 have two questions there. Well, one is really the extent to which we are really having  
22 to rely more and more now on international research facilities because we don't have  
23 the capabilities here domestically, to conducts some of the research that we need.

24           And, really, two is to the extent to which that is hampering our ability  
25 sometimes to get access to information that we need. The example I'm thinking of is

1 the problem with the data on the high burn-up work that was done recently, and I  
2 think a decision by the Department of Energy not to purchase the data for that.

3 Certainly, I was somewhat surprised that that data would need to be  
4 purchased more than anything, given a lot of the work we do from a research  
5 standpoint and collaborations we have with lots of countries. We certainly provide a  
6 lot of data and a lot of research to other countries, and it would seem that it would  
7 certainly be appropriate to get access to data from other countries without having to  
8 expend several million dollars to do that. So maybe you can just comment a little bit  
9 on some of those points.

10 MR. VIRGILIO: Sure, Commissioner. With respect to the international  
11 research activities, for what we invest, which is roughly \$4 million a year by accounts  
12 -- and we don't have exact measures -- we reap on the order of ten times that in  
13 terms of benefits to our programs. A lot of that does come about through leveraging  
14 and collaborating, using international research facilities.

15 I would say, however, that there are a number of international research  
16 facilities that are still operating today for which we are not getting any benefit, and  
17 maybe other countries are not either. So I think, again, it's a term of -- our interest  
18 right now, particularly through CNRA, is to try to focus in on which of those facilities  
19 that are benefitting not only us but the rest of the world and which ones are not, and  
20 to try to make sure that we internationally maintain the focus on the ones that are  
21 providing us the most benefit.

22 Yes, you pointed to a very good example with regard to high burn-up fuel, of  
23 where our ability to change our regulations now depends on our ability to get data.  
24 And we thought we had a source of data and we had that all lined up. It's coming  
25 from an international experimental facility.

1           Now that that -- at least now, for the moment, we have our challenges  
2 around getting that data, but we are still going back, and we are still working  
3 strategies, both domestically, to look at if there is a source of data within this country,  
4 and back internationally to see if we can go back to that facility and obtain the data.

5           COMMISSIONER JACZKO: Do we have the facilities, with that specific  
6 example, to do the kind of research to obtain the data that we would need?

7           MR. VIRGILIO: I would have to ask Jim if he would know the answer to that  
8 or if we could get back to you. Jim Wiggins, Deputy Director of our Office of  
9 Research.

10          MR. WIGGINS: Jim Wiggins from Research. We did find a source to make  
11 up the data from France that we didn't get. So we have a path forward on that. But  
12 it is a general area that's worth review. We just a recent, within the last year,  
13 problem that developed with data that results from a domestic facility not being  
14 available to us at Argonne. We had to scramble again in a relatively short period of  
15 time to try to come up with an alternative. So it is an increasing problem.

16          But given -- I think I would like to reinforce what Marty is saying. In Research,  
17 we take a strong look at what the work is and where it's happening. There are a lot  
18 of experiments going on internationally that, frankly, we don't really need the data.  
19 It's not an arrogance issue; it's just, we have got plenty of it already. There's a lot  
20 just to keep momentum going on experiments, and we try to determine whether  
21 that's the case or not before we decide whether to participate.

22          COMMISSIONER JACZKO: Thank you.

23          COMMISSIONER MCGAFFIGAN: Mr. Chairman, could I just ask a follow-  
24 up question? They may not have the answer, but: If we look back, did we have an  
25 opportunity to participate in the experiment that produced this data on high burn-up

1 fuel, and did we – I mean, the fact that we are having to pay a lot now must mean  
2 that we were not part of the collaboration that generated it. Did we miss an  
3 opportunity? Just look back at the history – and I don't expect you to know that off  
4 the top of your head, but we get those ten-to-one ratios when we pay the up-front  
5 costs. If we don't pay the up-front cost, then we are the Johnny-Come-Lately for  
6 whom they try to charge full cost.

7 CHAIRMAN KLEIN: Commissioner Lyons?

8 COMMISSIONER LYONS: Thank you, Mr. Chairman.

9 I would like to start by thanking Janice and Marty for really a very excellent  
10 presentation.

11 I wanted to add my commendations for some of the very impressive  
12 accomplishments that you have already highlighted, Janice. But if I were just to  
13 mention a few of them, I think the export/import rulemaking, the implementation, the  
14 national and international leadership on the Code of Conduct, the bilateral and the  
15 multilateral activities -- absolutely critical.

16 Personally, I always appreciate the preparation that I get for the OIP staff for  
17 international interactions, whether they are taking place here or whether they are  
18 taking place many thousand miles away. I always feel well prepared, and your staff  
19 does an excellent job in making sure that we are well briefed.

20 Support for MDAP, I think, has been very, very important. I appreciate your  
21 JDL grams, the NOSIS reports, the weekly reports you've been giving us -- all very,  
22 very positive.

23 You did mention my interest in the research aspects of the program, and I  
24 very much appreciate the support in that area. As Commissioner Jaczko mentioned,  
25 there are just all too many cases where we simply do not have the facilities in this



1 country to accomplish important experiments, and it is critical that we do support  
2 those.

3 And as Commissioner McGaffigan mentioned, I'm guessing, although I don't  
4 know, that you described exactly accurately why there is now a question about  
5 paying for that data. Whereas while it would have been -- I'm guessing it would have  
6 been a whole lot cheaper some time ago.

7 I also wanted to add emphasis to some of the things that you raised, Janice.  
8 On slide 12, you mentioned the MDAP-related requests from foreign countries. And  
9 I have noticed an increasing number of international interactions that I'm asked off  
10 line by international regulators, well, what if our country were interested in a reactor  
11 of U.S. design; is the U.S. prepared to exercise MDAP in a reciprocal way, just as we  
12 are benefitting now from MDAP interactions with Finland and France.

13 And I think, to tie in with your comment on globalization, it is very likely to be  
14 increasing requests where MDAP-types of international flow of data on regulatory  
15 activities on particular designs are going to flowing both ways. Right now, we are the  
16 beneficiary, but I think there are many cases that are coming where we may not be  
17 the beneficiary, and we will have to be prepared to reciprocate.

18 Janice, you commended Commissioner Merrifield for to INPO inclusion in  
19 CNS. I had that down, too, with a big star beside it because I think that is very, very  
20 important, and I think that came out of one of your trips last year, Jeff. To me, that is  
21 an extremely important area.

22 And also, on your slide 14, you referred to the importance of developing  
23 international career paths. I very, very strongly support that, and I support the  
24 comment that Commissioner Merrifield and maybe others made: to balance junior  
25 and senior staff in the international interactions because that really does give folks

1 an opportunity to start looking towards possibly that career path.

2 Okay, enough in the way of comments and accolades.

3 One question. On the Code of Conduct and in one of your recent reports,  
4 Janice, you highlighted a very impressive – well, you highlighted a number of  
5 concerns, as Commissioner Jaczko noted, with various countries. But you also  
6 noted very impressive performance in Canada, and you indicated that Canada is  
7 moving ahead with a secure web-based tracking system, and at least in reading the  
8 words in your report, it sounded an awful lot like what we are trying to develop.

9 I have been concerned about the time it is taking us to develop that tracking  
10 system, and I'm just curious if you or Marty can comment on whether we have asked  
11 whether there are any lessons or information we can gain from the success that  
12 Canada has apparently demonstrated.

13 MR. VIRGILIO: I would like to respond to that, if I could. Yes, there is a lot to  
14 be gained from the Canadian experience. I just sought pre-trip notification, one of  
15 those 39-day advance notices, that the team that is working both on the IT side and  
16 the rule side from NMSS and other organizations, are on their way up to meet with  
17 the Canadians and try to extract as much knowledge and lessons learned as we  
18 possibly can about their system. Their system is advanced beyond where we are  
19 today, and I think there are learnings around what they have done for a National  
20 Source Tracking System that we are in the process of developing.

21 MS. DUNN LEE: Just to add to that, I think that between the U.S. and  
22 Canada, the U.S. sort of made a decision that we would really focus on our  
23 rulemaking, and we placed that as a priority, and we got that out -- not that the  
24 National Source Tracking isn't important. It is very important. Canada is a little bit  
25 ahead of us on that, but we are sharing information on both fronts. They want to

1 know what we are doing, how our rule is being implemented, and they have lots of  
2 questions about that. So that dialogue is very robust, and as Marty said, it is  
3 happening in a very – in a few days to focus specifically on the National Source  
4 Tracking System. So we will learn some things up there.

5 COMMISSIONER LYONS: I appreciate that response. And if we can learn  
6 anything that advances our timetable at all, I hope we do that.

7 CHAIRMAN KLEIN: Thank you. We just have just a few minutes left, so we  
8 might do just a real quick follow-up if there are any questions.

9 Let me make a couple of comments on the INPO activities. I would like to  
10 congratulate you for doing that and encourage you to expand the INPO activities. I  
11 in a former life had served on the National Academy of Training for a number of  
12 years. There are a lot of lessons I think the world can learn that the utilities here  
13 have learned, on how to enhance our operational activities. And that benefits all of  
14 us, not just in the United States, but worldwide as well.

15 The other comment I would like to make is on people. It should be a benefit  
16 as they look at international assignments. It should be career enhancing not career  
17 limiting. So we should not wait until the end of one's career to have an international  
18 assignment. So I think that as an agency, we should look at that. So I think the  
19 Commission should focus --

20 MS. DUNN LEE: We have taken our first giant step in that direction with the  
21 designation of Heather Astwood as the Nuclear Safety Attaché. She has many  
22 years ahead of her, so we are placing her – she is well positioned to serve our  
23 interests over there now, but also return and have a fulsome career here.

24 CHAIRMAN KLEIN: We have just a few minutes left. Any final comments?

25 COMMISSIONER MCGAFFIGAN: Mr. Chairman, Heather Astwood was my

1 executive assistant until I gave her up for this assignment, and I'm glad to do so. I  
2 think it will be good for the agency. I do want to associate myself with Commissioner  
3 Lyon's comments.

4 I think what we are doing with Heather needs to be the precursor to other  
5 activities. I do think we need to develop an international path, career path here, and  
6 I think it would be useful to place people -- I know it is expensive with the Euro where  
7 it is in the UK, France, and Germany. And you mentioned the Germans, but I think  
8 there's a standing invitation at NII and ESN to have Americans for long-term  
9 assignments, as well.

10 I think we will really benefit from placing people strategically in those  
11 organizations, in the right place. We pay a cost initially because, you know, we are  
12 scaling up, and we are losing people, and we have got this demographic transition to  
13 manage.

14 But if we could just think a little bit further ahead, I think this stuff will be very,  
15 very beneficial.

16 I also finally want to associate myself with Commissioner Lyon's comments  
17 about the Canadians. I think you will find, Mr. Chairman, Linda Keen will be a very  
18 -- she's the head of the Canadian nuclear regulatory agency -- she will be a very  
19 strong partner with you throughout your term and her term, however long it is. And  
20 we and the Canadians tend to think very, very similarly on almost all matters.

21 I think what the team is going to find out when they go up to Canada about  
22 why they could do the source tracking faster than us is that the alphabet soup of  
23 laws that we have to comply with -- the FISMA's, and GISMA's, and God knows  
24 whatever else there is -- tends to constrain our ability to do IT things on a rapid pace.  
25 But maybe we could find -- get leave to do a few experiments, to do things smarter.

1           With that, again, I have managed to go through here today without ever  
2 asking a question, but I pass.

3           COMMISSIONER MERRIFIELD: Quick remarks. I concur with the issues  
4 relative to Canada. We made a lot of progress in the last eight years. We had a  
5 trilateral initiative that also included Mexico. I think those efforts really contributed to  
6 the intense engagement that we have.

7           I concur on the issue of the international track. I think it is the right way to  
8 go. I don't think we should be Eurocentric, however. I think we should also inclusive  
9 of our strong partners in Asia, notably Korea and Japan.

10           Once again, I think Pete did a good job of making some very appropriate  
11 compliments to the IP staff, all of which I concur in. The only one in which I would  
12 add is kudos to Mary Carter, who does a lot of work for us to make sure we get to  
13 the right place. Thank you, Mary.

14           I'm pleased we've got some folks from State, DOE, and other counterpart  
15 agencies here. The Commission does make its grumblings, but I do think the nature  
16 of the relationship between our agencies is much stronger today than it was in years  
17 past. That's a lot of hard work on both parts.

18           Last comment. Janice, I appreciate the work that went on with the Senior  
19 Regulator's meeting. Mr. Chairman, you are also going to be involved in activities  
20 associated with the International Nuclear Regulators Association. I was the first  
21 non-chairman actually to represent our agency. With the senior regulators group,  
22 there is a tendency, because most of the regulatory bodies are headed by a single  
23 chair, to focus on that. We are part of a growing group, France being added to the  
24 U.S., and Spain most notably, of regulatory bodies being headed by a Commission.  
25 So I think we need to make sure that the staff is working forward on our interactions

1 in those areas, that we carve out an appropriate role for non-chairmen for those  
2 bodies like ours, where it is headed by a Commission, not by a single administrator.

3 Thank you.

4 COMMISSIONER JACZKO: I would just briefly echo some of the comments  
5 that were made. It's certainly about having an international track. I think that's  
6 important. I also think that one of the things we may want to try to consider is,  
7 perhaps, shorter-term assignments, too, as a way to get people into international  
8 bodies, but then bring them back in a way that, perhaps, creates less disruption back  
9 at the agency. And it is a way to begin to get people comfortable with the benefits  
10 that they will receive when those people return to the agency. So rather than always  
11 having to have very long, extended positions, there may be a way to look at some  
12 shorter assignments, to start to realize some of those benefits, but I also say that  
13 perhaps it's a way to solve all our space problems.

14 (Laughter)

15 COMMISSIONER JACZKO: We could send all our staff overseas. The  
16 other point I certainly would want to echo is the comment that Commissioner Lyons  
17 made: if that there are things that we can learn from our Canadian counterparts  
18 which could help accelerate the National Source Tracking, I think we should, as he  
19 said, take every opportunity to take advantage of those as we work to get that  
20 implemented.

21 Again, I would certainly want to also say thanks to your staff for the work that  
22 they have done on trips that I have taken, and just in general, keeping the  
23 Commission informed of their activities.

24 COMMISSIONER LYONS: Janice and Marty, perhaps just a couple of  
25 comments to emphasize – as you already did on your slide 11 -- the importance and

1 the challenge of the security assessments as we share them and roll them out in the  
2 international community. Even in my limited experience overseas -- and many of my  
3 colleagues have far more -- the differences around the world in how security is  
4 handled are vast, which is putting it mildly. And I think it is important that we share  
5 our perceptions, at least our understandings in this country, and try to provide that  
6 information to other countries so they can make their own assessments; that the  
7 recent practice or the recent possibility of inviting some of our partners to actually  
8 learn of our security activities I think is very, very positive.

9 They have to weigh that in terms of the situation in their own country. But I  
10 think it is important that we do share that and at least provide that information. So I  
11 can only imagine the challenge. Even on my last trip, I had a country express great  
12 interest in participating in such activities and I hope it will be possible. Thank you.

13 CHAIRMAN KLEIN: I would like to thank both Janice and Marty for their  
14 presentations today. I realize that these briefs are not without effort to get the  
15 material and the issues before us. So thank you for your activity. I would also like to  
16 thank you for what I observe as a program that's on a positive slope. We would like  
17 to keep it there, and we would like to do it better. So thanks for your assistance in  
18 making the agency more effective in its international arena. We do need to work  
19 with our colleagues in international programs to make things better for all of us.

20 So on behalf of the Commission, thanks for all your efforts. The meeting is  
21 adjourned.

22 (Whereupon, the meeting was adjourned.)

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