

June 11, 2007

PARTICIPANTS: Nuclear Energy Institute (NEI)
Nuclear Procurement Issues Committee (NUPIC)
Nuclear Industry Assessment Committee (NIAC)

SUBJECT: SUMMARY OF THE MAY 23, 2007, MEETING TO DISCUSS THE
QUALITY ASSURANCE PROGRAM AND VENDOR INSPECTION
PROGRAM FOR NEW REACTORS

On May 23, 2007, a Category 2 public meeting was held between the U.S. Nuclear Regulatory Commission (NRC) staff and representatives of NEI, NUPIC, and NIAC at the NRC headquarters offices in Rockville, Maryland. The purpose of the meeting was (1) to discuss issues related to quality assurance programs for new reactors and (2) to provide an update on the vendor inspection program for new reactors. A list of meeting attendees is included in Enclosure 1.

The agenda used at the meeting, along with all meeting handouts, may be accessed through the Agencywide Documents Access and Management System (ADAMS) at accession number ML071550053. This system provides text and image files of NRC's public documents. If you do not have access to ADAMS or if there are problems in accessing the handouts located in ADAMS, contact the NRC Public Document Room reference staff at 1-800-397-4209, 301-415-4737, or by e-mail at pdr@nrc.gov. A summary of the meeting is included below.

The public meeting on May 23, 2007 was a follow-up to the April 3, 2007, meeting held to discuss quality assurance program and vendor inspection activities for new reactors. A brief summary of the selected issues follows:

Combine License (COL) Quality Assurance Program Description (QAPD) Review and Approval Process

The NRC staff stated that the Section 17.5, "Quality Assurance Program Description – Design Certification, Early Site Permit and New License Applicants," of the Standard Review Plan, which is the staff's guidance for quality QAPD reviews, had been issued in March 2007. The staff consolidated different, approved quality assurance guidance into this document. The staff has used this document for the review and approval of three documents: (1) NEI Technical Report NEI 06-14, "Quality Assurance Program Description," (2) UniStar Topical Report UN-TR-06-0001, "Quality Assurance Program Description," and (3) Areva ANP-10266NP, "Areva NP, Inc. Quality Assurance Plan for Design Certification of the U.S. EPR". The staff clarified that the regulation in 10 CFR 2.101(a)(5) allows the applicant to submit the COL application in only two parts. The staff will review the QAPD as submitted with the COL application and is considering issuing an early safety evaluation for its approval.

Quality Assurance Inspection Activities

The staff discussed the three main manual chapters within the construction inspection program that cover the oversight of quality assurance activities: Manual Chapter (MC) 2501, "Construction Inspection Program: Early Site Permit (ESP) Phase," MC 2502, "Construction Inspection Program: Pre-Combined License (Pre-COL) Phase," and MC 2508, "Construction Inspection Program: Design Certification Phase". MC 2501 and MC 2502 are currently under revision to incorporate changes to 10 CFR Part 52, clarify responsibilities based on SECY 07-0049, "Construction Inspection Roles and Responsibilities," dated March 8, 2007, and enhance inspection procedures with latest staff guidance. The staff is currently working on the development of MC 2508 to document quality assurance activities performed during design certification. The staff also discussed plans for upcoming quality assurance inspection activities. Currently, the staff is performing pre-COL audits to verify that the development of the applications is consistent with 10 CFR Part 52 requirements and that the quality of the application is adequate to support the staff's acceptance review and schedule. In addition, for COL applicants that do not reference an ESP, the staff will verify that site characterization activities are performed consistent with 10 CFR Part 52 and Appendix B to 10 CFR Part 50 requirements. The staff shared drafts of inspection procedures 35005 and 35004 that will be used during these audits.

NEI Topical Report (NEI 06-14)

The participants presented material that provided insight on the industry's use of the NEI 06-14. They noted that the document will be revised by each applicant as recommended in the staff's safety evaluation that approved its use. Each applicant will modify the document with specific information as necessary for the COL application. They mentioned that each applicant will be providing in the application a schedule of the implementation of the QAPD. The NRC staff stated that appropriate information to include as part of this schedule is when the procedures and processes will be in place and will be used to allow the staff to inspect the implementation of the QAPD that is submitted with the application. NEI further noted that each applicant will consider taking this approach.

Vendor Inspection Program Update

The staff discussed the results and lessons learned from an audit at Japan Steel Works (JSW) in April 2007. The main purpose of the audit was to become knowledgeable of the scope of supply, manufacturing processes, and quality activities that JSW performs in support of the supply of safety-related and ASME-certified components for U.S. utilities. As a result of this audit, the staff has reasonable assurance that JSW is supplying components that meet ASME Code and NRC requirements. The staff also gained insights into NRC's vendor inspection program through the use of draft inspection procedures. The staff found that having the level of information needed to support an ASME recertification enhances the efficiency and effectiveness of the NRC inspection of vendor quality assurance programs.

Oversight of Industry Vendor Activities

During the April 3, 2007, meeting, the NRC staff and NUPIC representatives discussed the need for a formal protocol to better delineate roles and responsibilities for NRC oversight of NUPIC activities associated with new reactors. During the meeting, the NRC staff mentioned that it is

currently developing guidance related to NRC oversight of third-party auditors (e.g., NUPIC) that will be included in an inspection procedure. The staff will share a draft of the document with industry in the near future and it will become a topic for further discussion in future meetings.

NIAC Overview

A NIAC representative provided an overview of NIAC's history, organization, activities, and approaches. NIAC membership is limited to nuclear industry suppliers and currently has 85 members. NIAC assesses nuclear vendors that maintain an Appendix B quality assurance program, including nuclear transportation and storage suppliers, in order to share the results with members that have a business relationship with the audited supplier. One of the challenges NIAC addressed was the anti-trust aspects of competitors sharing audits. To overcome this challenge, NIAC's assessments are performed by one company, and results are then shared with appropriate members. NIAC also has an equitable sharing of assessments based on a ratio technique. The ratio technique is used to assure that all NIAC members perform and receive assessments commensurate with their needs and resources. NRC staff expressed interest in NIAC's efforts and plans to incorporate oversight of this and similar third-party auditing organizations (as discussed above) in an inspection procedure being drafted.

Industry's Use of Vendors

During the April 3, 2007, meeting, NEI mentioned the possibility of identifying and preparing a list of new and existing suppliers for new reactors, including supplier roles and responsibilities in the QA arena. At this meeting, representatives of prospective COL applicants identified some of their key, major suppliers.

Members of the public and of the Government Accountability Office were in attendance. Public Meeting Feedback forms were not received. Please direct any inquiries to me at 301-415-4001, or axr1@nrc.gov.

/RA/

Aida Rivera-Varona, Operations Engineer
Quality and Vendor Branch B
Division of Construction Inspection
& Operational Program
Office of New Reactors

Enclosure:
As stated

currently developing guidance related to NRC oversight of third-party auditors (e.g., NUPIC) that will be included in an inspection procedure. The staff will share a draft of the document with industry in the near future and it will become a topic for further discussion in future meetings.

NIAC Overview

A NIAC representative provided an overview of NIAC's history, organization, activities, and approaches. NIAC membership is limited to nuclear industry suppliers and currently has 85 members. NIAC assesses nuclear vendors that maintain an Appendix B quality assurance program, including nuclear transportation and storage suppliers, in order to share the results with members that have a business relationship with the audited supplier. One of the challenges NIAC addressed was the anti-trust aspects of competitors sharing audits. To overcome this challenge, NIAC's assessments are performed by one company, and results are then shared with appropriate members. NIAC also has an equitable sharing of assessments based on a ratio technique. The ratio technique is used to assure that all NIAC members perform and receive assessments commensurate with their needs and resources. NRC staff expressed interest in NIAC's efforts and plans to incorporate oversight of this and similar third-party auditing organizations (as discussed above) in an inspection procedure being drafted.

Industry's Use of Vendors

During the April 3, 2007, meeting, NEI mentioned the possibility of identifying and preparing a list of new and existing suppliers for new reactors, including supplier roles and responsibilities in the QA arena. At this meeting, representatives of prospective COL applicants identified some of their key, major suppliers.

Members of the public and of the Government Accountability Office were in attendance. Public Meeting Feedback forms were not received. Please direct any inquiries to me at 301-415-4001, or axr1@nrc.gov.

/RA/

Aida Rivera-Varona, Operations Engineer
Quality and Vendor Branch B
Division of Construction Inspection
& Operational Program
Office of New Reactors

Enclosure: As stated

DISTRIBUTION: cc w/encls: See next page

Package No.:ML071550053

1. Meeting Notice: ML071220097
2. DCIP/NRO Slide Presentation: ML071420117
3. Draft IP 35004: ML071420401
4. Draft IP 35005: ML071420408
5. NEI 06-14: ML071560092
6. NIAC Overview: ML071560095
7. Meeting Summary NO.: ML071550059

OFFICE	CQVB	BC:CQVB
NAME	ARivera-Varona:nxh2	JNakoski
DATE	06 / 08 /2007	06 / 11 /2007

OFFICIAL RECORD COPY

Distribution for May 23, 2007, Meeting Summary dated .

E-Mail

Public

CQVB Reading File

PM:SSanders

NRC participants

GTracy

EImbro

JNakoski

JPeralta

GGalletti

RMcIntyre

KKavanagh

KNaidu

Quality Assurance and
Vendor Inspection Program Meeting
May 23, 2007
Attendance List

Name	Organization
Glenn M. Tracy	NRC/NRO
John Nakoski	NRC/NRO
Juan Peralta	NRC/NRO
Aida Rivera-Varona	NRC/NRO
Kamal Naidu	NRC/NRO
Ronald Carver	TXU
Sabrina Cleavenger	NRC/NRO
K.N. Jabbour	NRC
John Giddens	Southern Nuclear
Kerry Rhoads	Dominion
Jim Fisicaro	NEI
Jim Cassidy	Duke Energy
Sherry Grier	Duke Energy
Michael Janus	Progress Energy
Terry Dunn	SAIC/NQA
Tarun Roy	NRC/NRO
Mark Lintz	NRC/NRO
Ryuji Iwasaki	Toshiba
Julie Silvers	GAO
Stephanie Coffin	NRC/NRO
Tom Mudge	Washington Group
Wilkin Smith	NRC/NMSS
Ann Hodgdon	NRC/OGC
Takahiro Imamura	MNES
Ken Conti	AREVA
Larry Kamenicky	Westinghouse

Name	Organization
John Traynor	UniStar Nuclear
Deann Raleigh	Sciencetech
Mari Johanna Jaworsky,	Shaw Stone and Webster Licensing
David Lotterhos,	Shaw Stone and Webster Construction
Eddie Fisher,	Shaw Stone and Webster QA

NEI New Reactors Mailing List

cc:

Ms. Michele Boyd
 Legislative Director
 Energy Program
 Public Citizens Critical Mass Energy
 and Environmental Program
 215 Pennsylvania Avenue, SE
 Washington, DC 20003

Mr. Ed Wallace
 General Manager
 Projects
 PBMR Pty LTD
 P.O. Box 9396
 Centurion 0046
 Republic of South Africa

Ms. Anne W. Cottingham
 Assistant General Counsel
 Nuclear Energy Institute
 1776 I Street, NW, Suite 400
 Washington, DC 20006

Edward G. Wallace
 Sr. General Manager
 U.S. Programs
 PBMR Pty. Ltd.
 PO Box 16789
 Chattanooga, TN 37416

Mr. Marvin Fertel
 Senior Vice President
 and Chief Nuclear Officer
 Nuclear Energy Institute
 Suite 400
 1776 I Street, NW
 Washington, DC 20006-3708

Mr. Gary Wright
 Director
 Division of Nuclear Facility Safety
 Illinois Emergency Management Agency
 1035 Outer Park Drive
 Springfield, IL 62704

Dr. Gail H. Marcus
 U.S. Department of Energy
 Room 5A-143
 1000 Independence Avenue, SW
 Washington, DC 20585

Winston & Strawn
 1400 L. Street, NW - 12th Floor
 Washington, DC 20005-3502

Mr. Brian Smith
 Nuclear Energy Institute
 1776 I Street, NW, Suite 400
 Washington, DC 20006

Email

APH@NEI.org (Adrian Heymer)
 bob.brown@ge.com (Bob Brown)
 BrinkmCB@westinghouse.com (Charles Brinkman)
 david.lewis@pillsburylaw.com (David Lewis)
 dlochbaum@UCSUSA.org (David Lochbaum)
 george.stramback@gene.ge.com (George Stramback)
 jclong@burkecounty-ga.gov (Jerry C. Long)
 jgutierrez@morganlewis.com (J. Gutierrez)
 Jim.Riccio@WDC.greenpeace.org (James Riccio)
 JNesrsta@CPSenergy.org (J.J. Nesrsta)
 john.o'neil@pillsburylaw.com (John O'Neil)
 Joseph.savage@ge.com (Joseph Savage)

ENCLOSURE

Joseph_Hegner@dom.com (Joseph Hegner)
ksutton@morganlewis.com (Kathryn Sutton)
lynchs@gao.gov (Sarah Lynch - Meeting Notices Only)
maria.webb@pillsburylaw.com (Maria Webb)
mark.beaumont@wsms.com (Mark Beaumont)
matias.travieso-diaz@pillsburylaw.com (Matias Travieso-Diaz)
media@nei.org (Scott Peterson)
mgiles@entergy.com (M. Giles)
patriciaL.campbell@ge.com (Patricia L. Campbell)
paul.gaukler@pillsburylaw.com (Paul Gaukler)
PGunter@NIRS.org (Paul Gunter)
phinnen@entergy.com (Paul Hinnenkamp)
pshastings@duke-energy.com (Peter Hastings)
RJB@NEI.org (Russell Bell)
RKTemple@CPSenergy.org (R.K. Temple)
roberta.swain@ge.com (Roberta Swain)
sandra.sloan@areva.com (Sandra Sloan)
tansel.selekler@nuclear.energy.gov (Tansel Selekler)
tom.miller@hq.doe.gov
tom.miller@nuclear.energy.gov (Thomas P. Miller)
trsmith@winston.com (Tyson Smith)