

EDO Principal Correspondence Control

FROM: DUE: 05/15/08

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FINAL REPLY:

Michael A. McMurphy
AREVA

TO:

Chairman Klein

FOR SIGNATURE OF :

** PRI **

CRC NO: 08-0261

Chairman Klein

DESC:

U.S. Administration's Nuclear Fuel Recycling
Initiative (SECY-2008-0275)

ROUTING:

Borchardt
Virgilio
Mallett
Ash
Ordaz
Cyr/Burns

DATE: 05/06/08

ASSIGNED TO:

CONTACT:

NMSS

Weber

SPECIAL INSTRUCTIONS OR REMARKS:

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EDATS

Electronic Document and Action Tracking System

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Other Assignees:

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Signature Level: Chairman Klein

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Urgency: NO

OEDO Concurrence: YES

OCM Concurrence: NO

OCA Concurrence: NO

Special Instructions: ~~NOTE: AREVA requests this document be held proprietary by the NRC.~~

Document Information

Originator Name: Michael A. McMurphy

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Originating Organization: Licensees

Document Received by SECY Date: 5/6/2008

Addressee: Chairman Klein

Date Response Requested by Originator: NONE

Incoming Task Received: Letter



Michael McMurphy
President and CEO

April 30, 2008

Hon. Dale Klein
Chairman
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

Dear Chairman Klein:

As you are certainly aware, AREVA has supported the U.S. Administration's nuclear fuel recycling initiative as part of the Global Nuclear Energy Partnership (GNEP). With the experience gained from 40 years operating the world's largest and most successful commercial fuel recycling complex – with chemical separation and waste conditioning at our La Hague facilities and MOX fuel fabrication at our MELOX facility – AREVA is uniquely positioned to assist GNEP, as well as initiatives to implement fuel recycling.

Quite apart from the Department of Energy's GNEP activities, AREVA is evaluating establishment of a commercial used fuel recycling center in the U.S. Against the backdrop of the nascent U.S. nuclear renaissance and recent escalation of uranium prices, several U.S. utilities have expressed interest in mixed-oxide fuel. Additionally, several states and communities have asked AREVA to site a recycling center in their jurisdiction. We are therefore seriously considering a commercial U.S. facility. Current projections suggest that construction could begin as early as 2013, with receipt of used fuel in 2017, and initial fuel treatment by 2023. Licensing by the NRC would be on the critical path.

After examination, AREVA has concluded that the current licensing basis for a U.S. recycling facility provides inadequate stability and efficiency to allow AREVA (or any other prudent company) to proceed with the substantial investment in what could eventually become a necessary and important fuel cycle facility. This conclusion is consistent with the NRC staff's recommendation that regulations be revised to provide a suitable licensing framework for a GNEP recycling facility (SECY-07-0081).

AREVA applauds the NRC initiative to examine gaps in the existing licensing basis for recycling facilities, and strongly encourages the NRC to continue this activity in 2009 with the objective of rulemaking during Fiscal Year 2010 to address appropriate changes to the licensing process. In our view, at least two changes are fundamental: first, recycling facilities should be addressed under Part 70 (intended for fuel cycle facilities)

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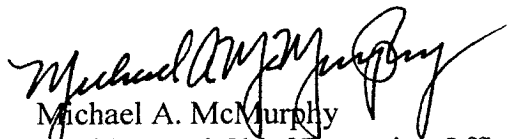


rather than Part 50 (focused almost exclusively on LWRs). Second, a one-step licensing process is needed for the same reasons that underpin the reactor COL process. As the requisite investment for such a fuel cycle facility is larger than for a power plant, no prudent company (or companies) will enter into a process which could authorize construction but leave uncertainty about future approval for operation.

In summary, AREVA strongly urges the NRC to continue its activities in Fiscal Year 2009 to prepare a modern licensing basis for future recycling facilities. These activities should not be tied solely to DOE GNEP activities, as the private sector is interested in building recycling facilities with or without the continuation of GNEP. With its extensive experience in recycling, AREVA pledges to assist the NRC staff by providing non-proprietary information where it can be useful to the staff in its development activities.

~~AREVA requests that this letter be held proprietary by the NRC as it contains information on strategic planning and schedules.~~ Please feel free to contact me at AREVA if you wish to discuss the recommendations contained in this letter.

Sincerely,


Michael A. McMurphy
President and Chief Executive Officer
AREVA NC INC.

AREVA NC INC.