

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

UNITED STATES NUCLEAR REGULATORY COMMISSION
BRIEFING ON GUIDANCE FOR IMPLEMENTATION OF SECURITY
RULEMAKING

+ + + + +

FRIDAY

March 6, 2009

+ + + + +

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

NUCLEAR REGULATORY COMMISSION

DALE E. KLEIN, CHAIRMAN

GREGORY B. JACZKO, COMMISSIONER

PETER B. LYONS, COMMISSIONER

KRISTINE L. SVINICKI, COMMISSIONER

1 PANEL 1: Industry Stakeholders

2 ALEX MARION, Vice President, Nuclear Operations, Nuclear Energy
3 Institute (NEI)

4 BREW BARRON, Executive Vice President, Generation
5 Constellation Energy Group

6 JAMES MEISTER, Vice President, Operations Support, Exelon
7 Nuclear

8

9 PANEL 2: NRC STAFF

10 WILLIAM BORCHARDT, Executive Director for Operations

11 DOUG HUYCK, Chief, Reactor Security Rulemaking and Licensing

12 Branch, NSIR

13 BONNIE SCHNETZLER, NSIR/DSP

14 RICH CORREIA, Director, Division of Security Policy, NSIR

15

16

17

18

19

20

21

22

23

1 P-R-O-C-E-E-D-I-N-G-S

2 CHAIRMAN KLEIN: Good morning. This is obviously a subject
3 that's near and dear to all of our hearts. I think all of us want to make sure that all
4 our plants are safe and secure. We obviously went through a rulemaking process
5 last December. I know the next phase of our activities, the guidance documents
6 are as they say "where the rubber meets the road" and we're all excited about
7 getting those completed.

8 What we'll do today is we will hear first from the industry panel and then we
9 will hear from our NRC staff. And then we will deviate from our normal policy of
10 asking questions and we will move from this room up onto the 18th floor for those
11 that are cleared for safeguards.

12 We talked yesterday and it looked like the questions that we would have
13 would immediately move into the safeguards area. So, that will be our format for
14 the day. So, we'll hear industry, staff and then we'll go up to the 18th floor for
15 those cleared for safeguards.

16 Any questions before we begin?

17 COMMISSIONER JACZKO: I would, I guess, just say I look forward
18 to this meeting today. I think, as I was going through the slides there certainly
19 appears to be some concern with schedules and the compliance periods for the
20 rule. I'm certainly very reluctant to make any change to that and if we were to do
21 that we have to go through some kind of, I think in my mind, some kind of
22 rulemaking effort and I don't think that's really in the best interest of anybody at
23 this point.

1 So, I hope certainly as we go through this that we can really focus on the
2 guidance and if there any issues in the guidance because I think that was really
3 the intention of the rule. And particularly as we get into questions and answers I
4 may have some questions on those aspects. I look forward to the meeting today.
5 Thanks.

6 COMMISSIONER SVINICKI: Thank you, Mr. Chairman. I am very
7 interested in today's meeting because one of the things I was struck by when I first
8 came to the Commission is we look at rule packages and the Commission acts on
9 those. But so much of the interpretation and a great body of work goes on in the
10 development of the guidance.

11 So, much of the detail, although guidance is not the same as requirements,
12 much of the interaction between the licensee community and the staff goes on to
13 lay the groundwork of interpretation so that licensees can know what they would
14 be audited and inspected against in the future.

15 So, although the Commission doesn't routinely concern itself with guidance
16 I think that this is an opportunity to peer into a process that really undergirds a lot
17 of the higher level details that we decide in the rule.

18 So, I'm very interested to find out how these processes work and since Part
19 73 was accompanied by, I think, in total 14 guidance documents this was a great
20 example to use to really understand this process. So, I look forward to the
21 discussion. Thank you.

22 CHAIRMAN KLEIN: Thank you. Alex, would you like to begin?

23 MR. MARION: Good morning. My name is Alex Marion. I'm the

1 Vice President of Nuclear Operations at NEI and I really appreciate the opportunity
2 to participate in this presentation. I'd like to thank you, Chairman Klein,
3 Commissioner Lyons, Commissioner Jaczko and Commissioner Svinicki.

4 Before we began allow me to introduce the other presenters here. We have
5 Brew Barron, who's President and Chief Executive Officer and Chief Nuclear
6 Officer of Constellation Energy Group and Jim Meister is Vice President of
7 Operation Support at Exelon.

8 Brew is the Chairman of the Industry Security Working Group and Jim is
9 involved in the working group as well. In addition, we have several security
10 directors who are with us who are prepared to handle or answer any detailed
11 questions that may come up after the briefing. We have Chris Kelly from Exelon,
12 Nelson Martin from Dominion, Jack Roe from NEI and Ron Tweed from
13 Constellation. Next slide, please; second slide.

14 This slide represents the current situation as we see it with regard to the
15 proposed implementation date of the rule that's been suggested as March 31,
16 2010. The objectives for this rulemaking are rather clear. Basically to support
17 new reactor applications and to codify the orders that have been issued to the
18 existing plants. Publication of this rule with the implementation date is imminent.

19 There are 17 guidance documents that have been issued with this
20 rulemaking; 14 are NRC Regulatory Guides and three are industry guidance
21 documents. We're planning an Implementation Workshop in the April timeframe. I
22 think we're looking at the third week of April at this particular point. Next slide,
23 please.

1 A preferred situation and typical expectation is for the Regulatory Guides to
2 be aligned with the rulemaking and also to be somewhat consistent with the
3 regulatory requirements and the regulations. This is preferred because the
4 regulatory requirements and the associated guidance need to be available so that
5 appropriate implementation can be carried forward by the licensees.

6 We recognize that alternative approaches or methods can be used to
7 what's articulated in the regulatory guides to demonstrate compliance as long as
8 those approaches or methods are found to be acceptable by NRC staff.

9 And our shared goal between the industry and the NRC is to assure
10 adequate protection and specifically effective and consistent implementation of
11 this important rulemaking. Next slide, please.

12 This represents a few of the challenges that we have before us. During the
13 implementation phase the NRC will need to determine what is adequate and
14 sufficient for both regulatory regimes for new plant licensing as well as current
15 operating plants.

16 At the same time they have to understand and appreciate the differences in
17 design and other physical features of the sites as well as structures. Currently, the
18 schedule for the regulatory guides appears to be the forcing function associated
19 with establishing a reasonable implementation schedule.

20 There are provisions in the regulation additionally that go beyond what was
21 originally contained in the orders that have been issued on licensees.

22 The challenge, of course, is to establish a regulatory process that is
23 disciplined and we suggest a structured process for managing changes as we go

1 through the implementation process that allows us to collectively enhance the
2 effectiveness of our security programs at U.S. nuclear power plants. Next slide,
3 please.

4 Other challenges are listed here. I'm not going to go through them in
5 extensive detail, but I just want to point out that as we focus on implementation of
6 this regulation there are other factors, other actions that occur that may have an
7 impact on our ability to meet the implementation date.

8 We believe that as the Commission considers the implementation schedule
9 that they keep in mind other cumulative impacts as noted on this particular slide as
10 an example. Next slide, please.

11 In terms of the path forward, final Reg Guides and activities, other activities
12 influence the rulemaking implementation date. We think it's important to have
13 continued management oversight of the implementation process through the
14 inspections and the continuing Force-on-Force exercises to manage changes and
15 deal with the changes in an effective and consistent manner to assure
16 implementation of this regulation.

17 And that completes the remarks I wanted to make this morning. Thank you.

18 MR. BARRON: Thank you, Alex. Alex alluded to the impact of the
19 rule within the broader context of security and security requirements and the
20 different changes that we are seeing.

21 We have the shared objective between both the Commission and the
22 industry of achieving a high assurance for adequate protection as is required. We
23 believe we have accomplished that and I'll talk about that for a few minutes here.

1 Since 9/11 we have implemented the orders. Those have led us to
2 strengthening and extending security boundaries and perimeters. We've added
3 protective devices to better defend against vehicle-born devices. We've increased
4 our security forces. Over 8,000 armed officers are employed across the industry
5 today and with the implementation of Part 26 we'll be adding approximately 20%
6 more to that number.

7 We work with the staff to try and work on the rules of engagement with
8 respect to conducting Force-on-Force exercises to make sure from all
9 perspectives that the exercises are useful and effective in measuring our
10 preparedness.

11 There's clearly a degree of artificiality that must be in this type of exercise
12 and having appropriate guidance and rules of engagement around that are
13 important to make sure that those really are good exercises, good tests.

14 Within our own processes we've improved training and have enhanced our
15 own performance, not only in the graded exercises that the staff conducts, but as
16 well as all our internal exercises and drills that we go through in order to increase
17 our proficiency as a protective force for our power plants. Next slide, please.

18 Overall, since the issuance of the order since 9/11 the industry has spent in
19 excess of \$2 billion over and above the ongoing expenses associated with
20 protection of our facilities. We expect that to continue going forward.

21 We're committed to the protection of these facilities. We understand that's
22 a part of our business, not a supplement to it, but it's part of our business to
23 assure that these facilities are appropriately protected.

1 The statement has been made numerous times that the nuclear industry,
2 the nuclear power plants in America are the best protected industrial facilities in
3 the country. Statements been made many times and never, never disputed.

4 We worked with the Department of Homeland Security and conducted
5 comprehensive reviews of the security posture of the plants and the surrounding
6 capabilities. And out of those reviews that were done not only across the nuclear
7 industry, but across most of the vital infrastructure in this country the conclusion
8 has consistently been that the nuclear industry is the best protected.

9 We think we have achieved the objective of a high assurance of adequate
10 protection, but we also understand that security is an evolving issue. And
11 continuous improvement in our security posture is both our objective as well as
12 that of the Commission and we don't dispute the need to continually improve on
13 our security posture. Next slide, please.

14 Currently, we've been working with the staff. There's 17 guidance
15 documents, 14 of which are Regulatory Guides, three of which are NEI
16 documents. A little different from what I said here, but we've worked with the staff.
17 It's important that both the staff and the industry agree on the objective.

18 Both have the same understanding of here's the performance objective that
19 we're trying to obtain and that we have a clear mutual understanding on that. And
20 then that the guidance documents reflect that, such that there is no dispute going
21 forward about just what it is we're trying to accomplish.

22 We've had numerous meetings, 30 meetings with the staff. Those
23 meetings have been highly productive. Very collaborative. Again, with the

1 objective of making sure that we are all shooting towards the same target -- no
2 pun intended -- and that we have guidance documents that very clearly get us
3 there. We are aligned on what we're trying to achieve.

4 We've also worked very closely with the staff on the other requirements that
5 the field is seeing. Please understand that the officers in the field when they're
6 implementing whatever defensive strategy they are, defensive tactics they're
7 using, they don't know whether they're coming from a rule or a new guidance
8 document or a new tactic. They are just trying to defend against the adversary
9 that's facing them and what the rules are behind that. What the genesis of those
10 is, is invisible to them.

11 There have been numerous changes in tactics. We worked closely with the
12 staff in trying to develop a tactics manual. We worked with them and I think
13 ultimately that document was converted and is now an attachment to the
14 inspection procedure. So, it is out there in a defined manner for the
15 Force-on-Force inspection teams to apply.

16 We also developed a controller's manual such that as with the artificiality of
17 blowing up walls or whatever the tactic may be that we know how to control it and
18 it's controlled in a consistent manner. And that controller's manual is now an NEI
19 document for us to deploy.

20 So, a lot of good work. A lot of cooperative efforts between the industry and
21 the staff in terms of making sure that as we seek continuous improvement in the
22 security area that we're doing collaboratively and with a common objective in
23 mind. Next slide, please.

1 Beyond that, the industry has developed a document, "Security
2 Performance Objectives and Criteria" that define how we want our security
3 organizations run in terms of professionalism of the officer force; in terms of a
4 safety conscious work environment within the security organization; their training,
5 how effective that should be and how we measure the effectiveness of training.

6 And we've got a pilot project going on right now assessing four sites against
7 those objectives and performance objectives and criteria so that we can assess
8 across the industry do we have them right and what's the best way going forward
9 as an industry to continue to seek that continuous improvement.

10 Also working to put together an executive task force that would have
11 executives from the industry as well as senior staff members so that we could at
12 that higher level interface, mutually understand what the changing objectives might
13 be and how we might most effectively implement them. Next slide, please.

14 Regulatory Guides are being implemented and we believe they're essential
15 for implementation, both new plants and operating plants. But the combination of
16 the rule changes and the guides associated with them and all the other
17 requirements that are coming down towards the officers at the sites, whether it's
18 results -- inspection results, new interpretations of existing guidance, new tactics.

19 When we put all those together we're in the ballpark of somewhere between
20 \$5 million and \$10 million per site is what we're facing in order to bring ourselves
21 to a position where we can reliably and in a quality manner implement that
22 combined set of new standards.

23 And I ask that you not just look at that from a standpoint of, "Well, gee,

1 that's dollars." Every dollar is work. There is work behind that whether that's
2 procuring new equipment that is then out in the -- the suppliers must be able to
3 provide us. If it's physical work on-site, its work hours to get that done.

4 Again, don't look at these numbers just as a dollar value, but it's a
5 significant level of effort in order to do that and it takes a given amount of time in
6 order to implement that level of effort. Next slide, please.

7 As I said at the start I believe we are achieving a high level of assurance,
8 but we need an implementation schedule for all of these requirements that's
9 reasonable and allows us to do that in a quality manner.

10 What we would recommend is that we make that implementation for those
11 requirements and changes in the Force-on-Force tactics, the outcomes from
12 inspections, as well as these rule changes that we implement them on a cycle
13 that's consistent with the start of each three-year Force-on-Force exercise cycle.

14 That would take the rule implementation requirements out to the end of
15 2010 instead of mid-2010 and it would allow us to integrate in with those plant
16 modifications, those necessary to be able to comply with both the already
17 approved as well as proposed changes in Force-on-Force tactics.

18 We could then set up a structure that would provide us an opportunity for
19 managed change going forward and then as we -- through each inspection cycle
20 as we define new opportunities to improve our stature that we would implement
21 them, again, on roughly a three-year cycle that would give the Commission the
22 opportunity to not only look at what they're doing from a rule change standpoint,
23 but the holistic impact, the holistic benefit of all the changes that are being applied

1 to the sites as well as the impact of applying those changes to it. Very last slide.

2 As management, we're focused on all the issues that I discussed, but
3 again, we are committed to continuous improvement, but it's important from our
4 standpoint and I think from both our standpoints that those changes be
5 managed -- be managed in a way that can be implemented with high-quality, that
6 achieve our mutual objectives of continually improving the security stature of our
7 facilities. Thank you.

8 MR. MEISTER: Mr. Chairman, Commissioners, thank you very
9 much for allowing me to come and address you today. Go to slide 2, please.

10 I first want to recognize that the fine support, the fine cooperation with the
11 staff we've been able to have to help work through the Regulatory Guide
12 development and better clarify the rules for our implementation.

13 On slide 2 I have identified some of the major impacts of the new rule on
14 our plants focused on where we're going to need to make physical changes to the
15 facility in response to these changes.

16 These aspects as well as changes in wording for the single act, more
17 specific illumination requirements are causing us to assess our facilities and
18 determine the appropriate physical changes which we'll talk a little bit more about.

19 And I'll say that in general for most licensees the largest of these impacts is
20 coming from the "at all times" aspect of the assessment and detection capability.

21 In addition to the physical changes as you all know there are also impacts
22 regarding the revisions to the site security plans and the reissuance of those and
23 also impacts in the training area of the rule that will be implemented as we go

1 forward. Next slide, please.

2 I've identified three items of the major project scope and as I highlighted
3 earlier the first one at the top is probably the biggest impact. Some plants also will
4 have major work in response to the single act or potentially in response to the
5 illumination low light technology requirements as well that they will be
6 implementing in response to the rule. Next slide, please.

7 As we are preparing to implement and while we implement these changes,
8 as Alex and Brew mentioned there are coincidentally other changes that are
9 resulting as well in physical changes to the facilities.

10 We're implementing changes in the area of protection of underground
11 pathways in response to Regulatory Information Summary 2005-04 and also
12 assumptions regarding vehicle penetration of land form obstacles have changed
13 and are requiring revisions at some facilities in response to RIS 2008-06.

14 And as Brew mentioned earlier we also as we prepare for our
15 Force-on-Force inspections and evaluate the changes in tactics are resulting in
16 physical changes to our facilities and plant features that were acceptable in
17 response to the Force-on-Forces in Cycle 1; however, changes are being made to
18 respond to tactics being seen in Cycle 2. Next page, please.

19 We understand the current effective date for the rule and our plans that are
20 in progress are wrapped around complying with that effective date for the rule. In
21 that case the changes that we implement to our facilities will need to be processed
22 as what we would call "fast track modifications" where we are moving at a rate of
23 speed differently then we would move in a modification that we were performing as

1 part of our long-term plan, normal capital improvement plans and schedules.

2 What happens when that goes on is you compress the time for evaluation
3 of alternatives. You compress the time for engineering. In some cases you do
4 installation and engineering activities in parallel. And you add additional
5 resources; resources that would potentially compete with resources we would be
6 using for other major plant equipment changes, plant safety system changes or
7 other priorities. So, the resources are therefore needing to be moved to support
8 the modifications for both the rule implementation and the other items that I just
9 addressed.

10 I laid out a proposed project timeline that would implement the rule on the
11 schedule that Brew discussed, which still results in us working to implement the
12 rule in the current time frame.

13 We are presently evaluating and addressing potential approaches to
14 implement the rule as we speak. As the final Reg Guides are published in August
15 of this year we would be in a position where we have final information in order to
16 detail our final project scope and go forward with funding.

17 Many licensees have not established funding in 2009 and as a result a lot of
18 this work would need to be done in 2010 or modifications to existing capital plans
19 would need to be made to support it.

20 As you can see we would be engineering and procuring through this year
21 with installation starting this summer, but also carrying into next summer which
22 would allow the licensees to work around outages, to work around the severe
23 winter weather and other priorities and then give us sufficient time to train our

1 officers well and ensure that we are ready for implementation when we implement
2 these changes. Next page, please.

3 As I mentioned, there are also training and revisions to the security plan
4 that are competing for O&M resources on things that we're doing at the same time.
5 And as I talk, these several projects including the risk impacts and the
6 Force-on-Force tactics would be implemented. Two-thirds of our plants will have
7 Force-on-Forces this year and next, of course, so those changes will be occurring
8 at most of the facilities out there.

9 At the same time as you know we are implementing the work hour rule,
10 preparing to implement that this fall and therefore almost all licensees are currently
11 hiring and training additional officer resources to put on shift to be in compliance to
12 the work hour rule.

13 And as Brew mentioned in parallel we also have our initiative relative to
14 increasing the professionalism. Very important initiative to increase the
15 professionalism of our security work force at all of our plants. And we will be doing
16 the four pilot assessments this year. Next slide, please.

17 So, this is a summary of the recommendations that the industry is bringing
18 forward today. We agree that the rule should be published on the current
19 schedule. We strongly encourage you to move forward with that and that it be
20 immediately effective for the new plants.

21 We ask that the Commission carefully consider the effect of the various
22 continuing changes on the security infrastructure and the security personnel in the
23 context of insuring that we execute our plans to the best extent we can and we

1 execute our plans successfully.

2 And we request that you consider carefully establishing a new effective date
3 for the rule implementation that would allow us the time to implement the various
4 changes we've discussed while doing it effectively and putting in place on a
5 schedule that we can efficiently execute as an industry.

6 Thank you for your time. I appreciate your attention.

7 CHAIRMAN KLEIN: Thank you very much for a good presentation.
8 I'm sure it will not surprise you that we do have questions, but because we would
9 quickly move into the SGI area we will defer those at this time until we move up to
10 the 18th floor. So, we will let you depart and then ask the NRC staff to come up to
11 the table and present their activities. Thanks.

12

13 PANEL 2

14

15 CHAIRMAN KLEIN: Bill, would you like to begin?

16 MR. BORCHARDT: Thank you, Chairman. I'll try to place the issue
17 in a little bit of context. Shortly before 9/11 the staff had developed a proposed
18 rule to update the security regulations. But as a result of the attacks on 9/11 we
19 redirected our efforts to address security issues through the issuance of orders
20 and advisories.

21 Then about four years ago we reinitiated those efforts to bring these -- in
22 some cases -- over 30 year-old regulations up to date. First, we issued the design
23 basis threat rule and the associated guidance and that was done in 2007.

1 Then over two years ago we began the effort that we're talking about today
2 to update the regulations to reflect the post-9/11 orders, the lessons learned from
3 inspections and also the things that we learned through the evaluations that we've
4 done on each of the sites.

5 The Commission approved the rulemaking in December and today's
6 briefing will provide the Commission with an update of the guidance documents
7 associated with this revised security regulation.

8 As you heard earlier today these guidance documents have benefited
9 greatly from the comments, reviews and interactions with the industry over the last
10 several years.

11 I'll now turn to Doug for the beginning of the detailed presentation.

12 MR. HUYCK: Good morning and thank you for the opportunity to
13 present today. I'm Doug Huyck, Branch Chief of Reactor Security Rulemaking
14 Licensing Branch of NSIR.

15 The purpose of my briefing today will provide a background and status on
16 the security rule, the Reg Guide development and also discuss stakeholder
17 interaction during the Reg Guide process. Next slide, please.

18 Background information associated to the rulemaking process: In 2008, a
19 steering committee made up of multi office senior management representatives
20 was formed. This committee provided guidance and removed obstacles for the
21 technical staff through the rulemaking process.

22 In addition, a dedicated security rulemaking team was formed, made up of
23 specific skill sets associated to the technical aspects of the rule that was being

1 worked on. These personnel came from our Division of Security Policy and our
2 Division of Security Operations within NSIR.

3 On into guides -- draft guides were published last year and we received
4 stakeholder comment. In addition during that process the dedicated team that we
5 formed for the rule, that same team concept was put in place and remains in place
6 today associated to the guidance development.

7 Final draft guides were developed after stakeholder interaction and to date
8 all Regulatory Guides have been developed and close to publication. These
9 would be Regulatory Guides that would be helpful in the implementation of the
10 rule. Next slide, please.

11 Status on the security rulemaking: December 17, 2008, the Commission
12 affirmed the revision to the Part 73 rule. The rule was sent to OMB on
13 December 22nd. We were notified on February the 13th from OMB that OMB had
14 made a determination that the rule would be considered a major rule.

15 With that, the rule will not be effective until 60 days after being placed in the
16 Federal Register. Normally, your normal rule was 30 days. Current status as of
17 this morning -- checking on it this morning -- current status, we're still waiting OMB
18 clearance to publish the rule in the Federal Register. Next slide, please.

19 An update in status associated to the regulatory guidance. As I mentioned
20 just a few minutes ago draft guidance was published last year in the spring of
21 2008. A decision was made for it not to be provided with the proposed rule.

22 The regulatory guidance basically is divided into three classifications of
23 information: one being unclassified, one being OUO Security Related Information

1 and one being Safeguards Information.

2 Consistent with the NRC organizational goals on openness through this
3 process we, the staff, have evaluated each Regulatory Guide to ensure correct
4 classification and in some cases we were able to declassify some Reg Guides.
5 Examples would be training qualification plan Reg Guide. Initially it was classified
6 Safeguards Information. After conducting a technical review of that for sensitive
7 information we were able to make a decision that that could be publicly available
8 unclassified information.

9 In addition our draft Reg Guide associated to the imminent attack threat;
10 initially that Reg Guide was classified Safeguards Information. Through our review
11 we were able to make it OUO Security Related Information.

12 Meetings were conducted with stakeholders during the comment period
13 associated to the regulatory guidance. Next slide, please.

14 We'd like to discuss stakeholder interaction through the regulatory guidance
15 development process. In doing that I do want to point out the Regulatory Guides
16 were developed and revised taking into consideration, number one, the new Part
17 73 requirements.

18 Number two, interaction with stakeholders. We looked at best practices
19 that were provided from the industry trying to incorporate those into the Reg
20 Guides.

21 In addition, we, the technical staff, reached out to our partners in other
22 agencies such as DOE, DOD. We looked at new technologies -- identifying new
23 technologies that could be placed into the Reg Guides making that accessible,

1 available to the stakeholders as far as implementation.

2 We looked at, with stakeholder input, we looked at lessons learned, OE,
3 operational experience from the plants. And in addition we have a security
4 frequently asked questions process. It's an external communication process that
5 we interface with the industry on when there's questions as far as interpretation,
6 whether it be with guides, whether it be through the inspection process. There's a
7 process that they can use to bring those questions to us and we respond and we
8 issue those to the regions.

9 That SFAQ process -- we looked at previous SFAQs to make sure that they
10 were being addressed in the guides.

11 We do recognize that a large number of comments were received on the
12 draft guidance. As a result of that we decided that continued interaction with the
13 public stakeholders was necessary for us to truly understand the significant
14 comments, the impact of those. So, my words we had a second round of
15 meetings with stakeholders, with the public on the guides.

16 After the submittal of the draft final rule last year the staff that was working
17 on the rule, we immediately turned our attention on to the draft Reg Guides. Put a
18 full effort on the Reg Guide development process.

19 As I mentioned, we conducted significant meetings with stakeholders and
20 the public on the Reg Guides. More than 30 meetings were conducted concerning
21 these Reg Guides and approximately 25% of those were public meetings.

22 We were informed from the industry -- the industry is conducting a rule
23 implementation workshop in April of 2009. We, the staff, have been invited. We

1 intend to participate in that workshop as far as the rule implementation and
2 guidance. We look forward to that continued opportunity to engage the
3 stakeholders on this process.

4 That concludes my presentation. At this time, I'd like to turn it over to
5 Bonnie Schnetzler.

6 MS. SCHNETZLER: Thank you. Next slide, please. Staff identified
7 eight guides for development or revision for this rulemaking and this list is a list of
8 those guidance. The first four of these guides are completed and being finalized
9 for publication.

10 Guides number 5, 6 and 7 we've scheduled a few more stakeholder
11 meetings before we put the final draft in. Guide number 8, Imminent Aircraft
12 Attack, is in the initial comment period. Our first meeting is on March 18th of this
13 month and then we need to receive and incorporate the comments and present
14 the draft to ACRS and then finalize it for publication.

15 The other guides, we have six guides that update old guidance, provide the
16 latest technology and are helpful for new reactors, but are not necessary for
17 implementing this rule. They'll be completed by the end of summer. Our goal is
18 by the end of August.

19 The topics of these guides include mixed oxide fuel, which is new in the
20 regulation, but licensees aren't needing it at this point. It includes perimeter
21 intrusion detection, ITAAC, use of locks and keys, protection against malevolent
22 use of vehicles at nuclear power plants, and entry-exit control for protected areas,
23 vital areas and material access areas. So, those are the guides that we have set

1 back for the second round. Next slide, please.

2 Within the agency we've had several offices that have contributed to these
3 guides. First, I'd like to recognize our interaction with ACRS. We've had several
4 meetings during the rulemaking process to make them aware of the guides --
5 everything that we've been working on, the rule and the subsequent guides and
6 the portions of the rule and the guides that would need ACRS review.

7 And so, we've continued those actually over a very long period of time and
8 we've determined that three of these guides meet the criteria for ACRS review.
9 The first one is the safety security interface. We have presented that to ACRS and
10 they have approved our guide for that purpose.

11 The second one is cyber security. We have the ACRS subcommittee
12 completed and the full committee is expected to review it in April.

13 Then the last one is imminent attack. That's been scheduled for full
14 committee review in May.

15 In addition, the remaining offices -- I'd like to recognize the offices that
16 we've listed here. They've provided a huge amount of technical support, technical
17 guidance, other input and helped facilitate a pretty aggressive schedule that we've
18 set to get these guides completed. Next slide, please.

19 Part of this effort also includes industry guidelines and templates. The
20 regulatory guidance will incorporate or reference these three industry documents.

21 The first one is access authorization. This was developed for implementing
22 security orders on access authorization and it will become the primary information
23 for updating Reg Guide 5.66 on access authorization programs for nuclear power

1 plants.

2 The second template 03-12 was developed after the security orders and is
3 generic information for development of security plans, training and qualification
4 plans and contingency plans. The staff has already completed meetings with the
5 industry and we expect endorsement to be able to be completed by the end of this
6 month. This document is referenced in multiple guides that we have under
7 development.

8 The last one is NEI 08-09, a cyber security plan. This is another generic
9 template that licensees can use to develop the newly required cyber security
10 plans. The staff has just received this from NEI and are in the process of doing
11 this endorsement.

12 So, that brings us to the next steps. What do we have left to do? As we've
13 noted before, we have a few more meetings that need to be conducted. We have
14 two meetings with ACRS that need to be completed and then finalize those
15 guides.

16 It's our goal to issue the guides with or shortly after the publication of the
17 rule. The guides that are ready can be issued when the rule is placed in the
18 Federal Register. We don't have to wait for the 60 days. So, we will be
19 proceeding along that path. Next slide, please.

20 The job is not completely done yet. We have a few more activities that we
21 need to engage in.

22 First is our internal security documents for licensing reviews. We need to
23 get those in order and revise those.

1 Operating reactors: We need to revise or initiate a new cyber security plan
2 review. We have to revise our security plan review for security plans.

3 And in addition to those for new reactors we will be updating the standard
4 review plan NUREG 0800, which kind of brings us to the licensing plan submittals.

5 It's our expectation or anticipation that the security plans would mostly be
6 submitted under a 50.54p licensing process that requires minimal overview by the
7 agency, but it's acknowledged that the cyber security plans are first time submittal.
8 Those must be approved and we need to respond with an SER for those activities.

9 Then last part of this is a review of the orders that were issued after 9/11.
10 We need to review those orders and complete administrative action to withdraw
11 orders where appropriate and make that recommendation to the Commission.

12 That completes my presentation. I'd like to turn it over to Rich Correia,
13 Division Director for Security Policy for NRC for summary.

14 MR. CORREIA: Thank you, Bonnie. Thank you Chairman,
15 Commissioners. I just want to summarize what you've heard here today regarding
16 rule, Reg Guides and licensing. As you heard, as soon as OMB gives us
17 clearance on the rule we will publish for the 60 day required period and then to be
18 effective in March of 2010.

19 The Reg Guides, as Bonnie said, are in various stages of completion.
20 We're close on several. We're working very hard to complete those as soon as
21 possible including interactions with ACRS and stakeholders.

22 Licensing, as Bonnie mentioned, industry has provided their guidelines
23 templates for us to review and endorse. We're working actively doing that. With

1 those in place it will give licensees and us an effective and efficient means to do
2 security plan reviews.

3 Bonnie also mentioned that we have to update the Standard Review Plan
4 for staff to use to review other pieces of the rule that would be submitted for our
5 review and approval.

6 Licensing -- I'm sorry; collectively, from a regulatory stability perspective our
7 interactions with industry and other stakeholders, the Reg Guides, industry
8 guidelines, all will form what I believe will give us a better, stable, consistent and
9 predictable regulatory process for licensing reviews.

10 We have a lot of work to do. We're ambitious and ready to take on the
11 challenge. Thank you. That concludes my presentation.

12 MR. BORCHARDT: Staff is complete.

13 CHAIRMAN KLEIN: Thank you for your presentation. I appreciate
14 both panels, both the industry and the staff. We will now adjourn this portion of the
15 meeting and move to the 18th floor. We will reconvene as soon as the elevators
16 let us move from this floor up to the 18th. Thank you very much.

17 (Whereupon, the meeting was adjourned.)