

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

NRC-2009-0194

In the Matter of)	Docket Nos. 50-317, 50-318, 72-8
)	
CONSTELLATION ENERGY NUCLEAR)	Renewed License No. DPR-53
GROUP, LLC)	Renewed License No. DPR-69
)	License No. SNM-2505
EDF DEVELOPMENT, INC.)	
)	
CALVERT CLIFFS NUCLEAR POWER)	
PLANT, INC.)	
)	
CALVERT CLIFFS NUCLEAR POWER)	
PLANT, LLC)	
)	
(Calvert Cliffs Nuclear Power Plant,)	
Unit Nos. 1 and 2, and)	
Calvert Cliffs Independent Spent Fuel)	
Storage Installation))	

ORDER APPROVING APPLICATION
REGARDING PROPOSED CORPORATE RESTRUCTURING
AND APPROVING CONFORMING AMENDMENTS

I.

Calvert Cliffs Nuclear Power Plant, Inc. (CCNPP, Inc. or the licensee) is the holder of Renewed Facility Operating License Nos. DPR-53 and DPR-69, which authorize the possession, use, and operation of Calvert Cliffs Nuclear Power Plant, Unit Nos. 1 and 2 (CCNPP 1 and 2), and of Material License No. SNM-2505, which authorizes the possession, use, and operation of the Calvert Cliffs Independent Spent Fuel Storage Installation (Calvert Cliffs ISFSI), and authorizes CCNPP, Inc. to receive, possess, transfer, and store power reactor spent fuel at the Calvert Cliffs ISFSI. The facilities are located at the licensee's site in Calvert County, Maryland.

II.

By letter dated January 22, 2009, as supplemented on February 26, April 8, June 25, and July 27, 2009 (together, the application), Constellation Energy Nuclear Group, LLC (CENG), on behalf of the licensee and EDF Development, Inc. (EDF Development) (together, the applicants), requested that the Nuclear Regulatory Commission (NRC, the Commission), pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) 50.80 and 10 CFR 72.50, consent to the indirect license transfers that would be effected by the indirect transfer of control of CENG's ownership and operating interests in CCNPP 1 and 2. The actions being sought as a result of certain proposed corporate restructuring actions in connection with a planned investment by EDF Development whereby it would acquire a 49.99% ownership interest in CENG from Constellation Energy Group, Inc. (CEG), the current 100% owner of CENG. EDF Development is a U.S. corporation organized under the laws of the State of Delaware and a wholly-owned subsidiary of E.D.F. International S.A., a public limited company organized under the laws of France, which is in turn a wholly-owned subsidiary of Électricité de France S.A., a French limited company. The applicants also requested approval of the proposed direct transfer of licenses held under CCNPP, Inc. to a new legal entity, CCNPP, LLC and approval of conforming license amendments that would replace references to CCNPP, Inc. in the license with references to CCNPP, LLC to reflect the transfer of ownership and operating authority, specifically, to possess, use and operate CCNPP 1 and 2 and to receive, possess, or use related licensed materials under the applicable conditions and authorizations in the CCNPP 1 and 2 license and for the ISFSI license.

Following the proposed transaction, EDF Development will hold a 49.99% ownership interest in CENG; CEG will hold a 50.01% ownership interest in CENG through two new intermediate parent companies, Constellation Nuclear, LLC and CE Nuclear, LLC, formed for

non-operational purposes. In addition, Constellation Nuclear Power Plants, Inc., which is currently an intermediate holding company between CENG and Nine Mile Point Nuclear Station, LLC and R.E. Ginna Nuclear Power Plant, LLC, will convert to a Delaware limited liability company and become Constellation Nuclear Power Plants, LLC, and will exist as an intermediate holding company between CENG and CCNPP, LLC, Nine Mile Point Nuclear Station, LLC, and R.E. Ginna Nuclear Power Plant, LLC. CCNPP, Inc. will convert to CCNPP, LLC.

No physical changes to the facilities or operational changes are being proposed in the application. The proposed conforming license amendment would replace references to CCNPP, Inc. in the license with references to CCNPP, LLC to reflect the proposed direct transfer of the licenses.

Approval of the transfer of the license and the conforming license amendment is requested by the applicants pursuant to 10 CFR 50.80, 10 CFR 50.90, and 10 CFR 72.50. Notice of the request for approval and opportunity for a hearing was published in the *Federal Register* on May 7, 2009 (74 FR 21413). No hearing requests or petitions to intervene were received. The NRC received comments from a member of the public in Seattle, Washington, in an e-mail dated May 22, 2009. The comments did not provide any information additional to that in the application, nor did they provide any information contradictory to that provided in the application.

Pursuant to 10 CFR 50.80 and 10 CFR 72.50, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. Upon review of the information in the application and other information before the Commission, and relying upon the representations and agreements contained in the application, the NRC staff has determined that the proposed indirect license transfer of control of the subject license held by the licensee to the extent such

will result from the proposed corporate restructuring actions in connection with the planned investment by EDF Development whereby it will acquire a 49.99% ownership interest in CENG, and that the direct transfer of CCNPP, Inc. to CCNPP, LLC, to the extent affected by the proposed transaction as described in the application, is otherwise consistent with applicable provisions of law, regulations, and Orders issued by the NRC, pursuant thereto, subject to the conditions set forth below. The NRC staff has further found that the application for the proposed license amendment complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I; the facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission; there is reasonable assurance that the activities authorized by the proposed license amendment can be conducted without endangering the health and safety of the public and that such activities will be conducted in compliance with the Commission's regulations; the issuance of the proposed license amendments will not be inimical to the common defense and security or to the health and safety of the public; and the issuance of the proposed amendments will be in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

The findings set forth above are supported by the NRC staff's safety evaluation (SE) dated the same day as this Order.

III.

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Act, 42 U.S.C. Sections 2201(b), 2201(i), 2201(o), and 2234; and 10 CFR 50.80 and 10 CFR 72.50, IT IS HEREBY ORDERED that the application regarding the indirect license transfers and direct license transfers related to the proposed corporate restructuring actions in connection with the planned investment by EDF Development, as described herein, is approved, subject to the following conditions:

- (1) Before completion of the proposed transaction, CENG shall provide the Director of the Office of Nuclear Reactor Regulation satisfactory documentary evidence that CCNPP, LLC has obtained the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations.
- (2) CCNPP, LLC may no longer rely exclusively on an external sinking fund as its decommissioning funding assurance mechanism and will be required to implement an alternate decommissioning funding assurance mechanism, acceptable per NRC requirements outlined in 10 CFR 50.75(e)(1), which will be used to provide decommissioning funding assurance.
- (3) The ownership and governance arrangements as a result of the proposed transaction, are subject to the following:
 - (a) The Operating Agreement included with the application dated January 22, 2009, may not be modified in any material respect concerning decision-making authority over "safety issues" as defined therein without the prior written consent of the Director, Office of Nuclear Reactor Regulation.
 - (b) At least half the members of CENG's Board of Directors must be U.S. citizens.
 - (c) The Chief Executive Officer (CEO), Chief Nuclear Officer (CNO) and Chairman of the Board of Directors of CENG must be U.S. citizens. These individuals shall have the responsibility and exclusive authority to ensure and shall ensure that the business and activities of CENG with respect to the Calvert Cliffs, Unit Nos. 1 and 2, Calvert Cliffs ISFSI, Nine Mile Point, Unit Nos. 1 and 2, and R.E. Ginna licenses are at all times conducted in a manner consistent with the public health and safety and

common defense and security of the United States.

- (d) CENG will establish a Nuclear Advisory Committee (NAC) composed of U.S. citizens who are not officers, directors, or employees of CENG, CEG or EDF Development. The NAC will report to and provide transparency to the NRC and other U.S. governmental agencies regarding foreign ownership and control of nuclear operations.
 - (e) CENG shall cause to be transmitted to the Director, Office of Nuclear Reactor Regulation, within 30 days of knowledge of a filing with the U.S. Securities and Exchange Commission, any Schedules 13D or 13G filed pursuant to the Securities and Exchange Act of 1934 that disclose beneficial ownership of any registered classes of CEG stock.
- (4) The financial arrangements resulting from the proposed transaction, are subject to the following:
- (a) The working capital and cash pooling arrangements described in Article IV of the Operating Agreement included with the application dated January 22, 2009, and supplement dated July 27, 2009, shall be effective as of the date of the transfer and shall be consistent with the representations contained in the application. CENG and CCNPP, LLC shall take no action to cause CEG and/or EDF Development, or their successors and assigns, to void, cancel or materially modify the working capital and cash pooling arrangements in the Operating Agreement without the prior written consent of the NRC staff.
 - (b) The Support Agreements described in the supplement to the application dated February 26, 2009 (up to \$290 million) shall be effective as of the date of the transfer and shall be consistent with the representations

contained in the application. CENG and CCNPP, LLC shall take no action to cause CEG and/or EDF Development, or their successors and assigns, to void, cancel or materially modify the Support Agreements as submitted without the prior written consent of the NRC staff. CENG shall inform the Director of the Office of Nuclear Reactor Regulation, in writing, no later than ten days after any funds are provided to CENG or any of the licensees by CEG or EDF Development under any Support Agreement.

- (c) The Master Demand Notes described in the supplement to the application dated July 27, 2009, shall be effective as of the date of the transfer and shall be consistent with the representations contained in the application. CENG and CCNPP, LLC, shall take no action to cause CEG and/or EDF Development, or their successors and assigns, to void, cancel or materially modify the Master Demand Notes without the prior written consent of the NRC staff.

IT IS FURTHER ORDERED that, consistent with 10 CFR 2.1315(b), the license amendment that makes changes, as indicated in Enclosure 2 to the cover letter forwarding this Order, to conform the license to reflect the subject direct license transfer is approved. The amendment shall be issued and made effective at the time the proposed direct license transfer is completed.

IT IS FURTHER ORDERED that CENG shall inform the Director of the Office of Nuclear Reactor Regulation, in writing, of the date of closing of the transfer of EDF Development's ownership and operating interests in CENG at least 1 business day before the closing. Should the transfer of the license not be completed within 1 year of this Order's date of issuance, this Order shall become null and void, provided, however, that upon written application and for good cause shown, such date may be extended by Order.

This Order is effective upon issuance.

For further details with respect to this Order, see the initial application dated January 22, 2009 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML090290101), as supplemented by letters dated February 26 (ML090630426), April 8 (ML091000665), June 25 (ML091811094), and July 27, 2009 (ML092150712), and the SE with the same date as this Order, which are available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, 11555 Rockville Pike, Room O-1 F21 (First Floor), Rockville, Maryland, and accessible electronically from the ADAMS Public Electronic Reading Room on the Internet at the NRC Web site, <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS, or who encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR Reference staff by telephone at 1-800-397-4209 or 301-415-4737, or by e-mail at pdr.resource@nrc.gov.

Dated at Rockville, Maryland, this 9th day of October 2009.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Bruce S. Mallett
Deputy Executive Director for Reactor and
Preparedness Programs

/RA/

Michael F. Weber, Director
Office of Nuclear Material Safety