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U.S. NUCLEAR REGULATORY COMMISSION
Office of Public Affairs Telephone: 301/415-8200
Washington, D.C. 20555-0001
E-mail: opa.resource@nrc.gov
Site: http://www.nrc.gov

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"A Regulator's Perspective on Safety and Security"

Prepared Remarks for

The Honorable Gregory B. Jaczko
Chairman
U.S. Nuclear Regulatory Commission

at the

2009 Institute of Nuclear Power Operations Chief Executive Officer Conference

Atlanta, Ga.

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Good morning everyone and thank you for that introduction, Jim. And thanks to all of you for the opportunity to speak today at your annual CEO Conference. I always look forward to attending this event but this year in my new role, I have the chance to more formally share some of my thoughts with you.

I have very much enjoyed my new job over the last six months. It is an honor, privilege, and challenge to be Chairman. I have made a concerted effort to support our excellent NRC staff and to reach out to a diverse group of stakeholders – including many of you who are here today. According to your agenda, Jim will be speaking to you later this morning about "The Next 30 Years." Jim, I look forward to your remarks about the future and how we can all stay focused on the big picture.

There is always going to be a certain amount of healthy tension between a federal regulatory agency and the industry it regulates. That is how it should be. If we are doing our job, it couldn't be any other way.

But the NRC and INPO are of a like mind when it comes to our missions. Your mission is to promote safety, reliability and excellence in the operation of nuclear power plants. We — at the NRC — are charged with ensuring the safety and security of nuclear power plants and nuclear

materials, and protecting the environment. Safety and security and therefore, environmental protection. These are our common goals.

For example, I appreciate the assistance and expertise that INPO has provided to operating reactor licensees and also fuel cycle facilities. There is a noticeable difference in performance between the power reactors and fuel cycle facilities as a group. Fuel cycle facilities can benefit from a greater understanding that they are a part of the nuclear community and INPO has a productive role to play in that evolving change.

The assistance that INPO provides in transferring knowledge and best practices within the broader nuclear community attests to the priority the organization places on safe operations.

Today I intend to address two overall topics – existing reactors and applications to build new reactors. I'll begin with my take on where things stand today with the 104 operating reactors.

It has been more than 34 years since the fire at Browns Ferry, it has been more than 30 years since the accident at Three Mile Island, and it has been more than seven years since the vessel head degradation at Davis Besse. Each of these events raised questions about licensees' dedication to safety and about the Nuclear Regulatory Commission's oversight. These events spurred changes that resulted in significant improvements in safety at nuclear reactors.

There have been many other positive developments in recent years. You renewed your focus on the safety of operating reactors. We developed a stronger regulatory regime in many areas, including updating fitness for duty rules and codifying security enhancements. Together we fully implemented a new reactor oversight process, developed through industry initiative and with significant stakeholder input, which has successfully provided more transparency to the public about operational performance at plants.

The end result of all of these efforts has been that the number of significant events in the United States has declined, and based on the performance data, plants are operating safely.

You probably know me well enough after almost five years to recognize that I won't be ending my speech there, though. While I want to compliment you on those things that have gone well, I also bring a message of caution and concern.

There is a quote in the novel *Hocus Pocus* by Kurt Vonnegut that is appropriate here: "Another flaw in the human character is that everybody wants to build and nobody wants to do maintenance."

I firmly believe that for the first time in many years, most, if not all, of the pressures you face when it comes to the maintenance of existing reactors are due to challenges of complacency, distraction, and economics.

Gone for now – at least in the short term - are the days of burgeoning utility revenues which made it relatively easy to reinvest the profits from nuclear plants back into nuclear infrastructure.

Gone too, is the single-minded focus on the existing nuclear plants, as more and more utilities expend resources on the effort to build new ones. And gone also, is the initial challenge of striving to meet the standards of a novel reactor oversight process and a new force-on-force inspection regime.

Clearly, all of these pressures – a weakened economy and a recent decrease in load demand, the development of new reactors applications and potential new construction, and some complacency about a 10-year-old reactor oversight process – pose a real and tangible risk, threatening to divert your attention from our shared safety and security goals. This is just the type of environment that can lead to distraction and complacency.

I can assure you that the NRC will work diligently, effectively, and decisively to make sure this does not happen. The Commission, of course, created the Office of New Reactors to focus on new license application reviews, thereby allowing the Office of Nuclear Reactor Regulation to maintain a single-minded focus on the safety of operating reactors.

The NRC has taken steps to enhance the training of technical, administrative, and management staff. For example, we have significantly increased the use of formal qualification programs for project managers and technical reviewers in NRR and NRO.

We have strengthened the Nuclear Security and Incident Response Office, growing it to its current broad mandate focused on security and emergency response. We have also ensured our Office of Research has focused on efforts to resolve longstanding generic safety issues such as those associated with fire protection and emergency core cooling systems.

Resolving these long-standing issues at existing plants is an important part of our responsibility as a regulator, and it is an important obligation for our licensees.

Recently, we have continued our efforts to ensure existing plants have sufficient decommissioning funds, even in the economic downturn, and that issues associated with aging degradation of buried and inaccessible piping are better understood.

We continue to further define our expectations for agency and licensee safety culture, to evaluate the reactor oversight process to further improve and enhance it, and to explore the development of a fuel cycle facility oversight process.

The NRC will continue to remain vigilant in all of these areas to ensure public health and safety and the protection of the environment. I offer you my commitment that as the principal executive officer of the agency, I will continue to make sure the NRC achieves this mission in the most efficient manner possible. I am a firm believer in good government and I fully expect the NRC to be an effective and decisive regulator.

And I would ask that you make the theme I have raised here today a primary focus of your discussions over the weeks and months ahead. As we go about our work in this challenging environment, we must be vigilant about distractions and we must keep safety at the heart of our decision making.

Whenever and wherever possible, we should share with others the lessons that we have learned about safety and security – something that INPO does very well. I look forward to hearing the results of your discussions about how to redouble your focus on safety in the face of multiple competing pressures.

Again, if I could summarize my point visually, I would say – don't be the ant in this picture.

Staying focused on what is most important is also the theme for my discussion of the new reactor license review process. Earlier Commissions made dramatic changes to the regulations to make this a more straightforward and predictable effort. As Christopher Robin said in Winnie-the-Pooh, "Organization is what you do before you do something, so that when you do it, it's not all mixed up."

But as you well know, I have not been shy about pointing out that no applicants are following the Part 52 licensing process as it was organized. I do not say that to cast aspersions on anyone's approach but rather to explain the facts. This is a complicated endeavor and there is no requirement to follow Part 52 as it was envisioned.

The point is, though, that there is somewhat less predictability in the review process because we are doing the environmental reviews, the design reviews and the COL reviews simultaneously rather than in sequence. In this environment, it is my job to make sure that any external pressures to move more quickly are directed where they can have the most beneficial impact on the process and have no negative impact on safety reviews.

The utilities and vendors themselves need to get their work done. That means getting the designs completed, using proven codes and standards, and providing sufficient level of detail in submittals, testing and analyses. If and when we get to the construction phase, that means not only quality craftsmanship and components, but a rigorous inspection and testing program.

But I recognize that after you address these challenges, the spotlight will fairly shift to the NRC. When you have given us completed designs and you have answered our questions, it will be our responsibility to conduct and complete our safety reviews in an efficient and effective manner.

I am comfortable committing to you today that we will successfully accomplish that task. We have a good new reactor process and an expert, dedicated staff, and you don't have to look any further than the existing reactor process to see that the agency knows how to conduct efficient and predictable licensing reviews.

For example, we complete over 1500 licensing actions and tasks per year – 90 per cent of them within twelve months. We have 21 applications for license renewals under review today and complete the safety and environmental reviews in 22 months.

So if there are two things I ask of you on the topic of new reactors, it is to give us high quality and complete applications, and have faith in the process we have established to review them.

In exchange for committing to that process, and at the point that you have fulfilled your responsibilities to it, you will be in a strong position to hold us accountable for doing our jobs well.

Thanks for the opportunity to talk to you about these two key issues – the safety of the existing fleet and the challenge that new reactors pose. I look forward to continuing to work with you in the years ahead. My door is always open. I will always listen to your thoughts, ideas, and concerns. I will transparently explain to you what I think.

We will probably continue to agree often and disagree occasionally, but we will also benefit greatly from the dialogue. Thank you again for the opportunity to address you today and I would welcome any questions you have.