



NRC NEWS

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“A Firm Foundation, A Strong Regulatory Future”

Prepared Remarks for

The Honorable Gregory B. Jaczko

Chairman

U.S. Nuclear Regulatory Commission

at the

NRC Regulatory Information Conference

Rockville, MD

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Good morning. I am pleased to address the 22nd Annual Regulatory Information Conference. The RIC is the largest annual gathering sponsored by the NRC. It brings together a broad range of participants – members of the international community; local, state, and federal officials, national laboratories, non-government organizations, industry, media; and – of course – the public. The RIC provides all of us with a unique opportunity to interact with – and learn from – colleagues with different backgrounds, experiences, and perspectives. We would not have this opportunity without the hard work of the staff who organize the RIC. I want to thank them all for their diligence and their dedication over these past months. I also would like to thank Admiral Ellis for joining us today to share his experience and insights with us.

Before I delve into my remarks, I’d like to first take a couple of minutes to express my appreciation to Dr. Dale Klein for his many years of dedicated service to the NRC and the nation. He has made no secret of his desire to return to his home state of Texas when his successor is confirmed, and I suspect that Washington’s winter this year has done nothing to dissuade him from his plans. The President’s three new Commission nominees have now made it through the Senate Environment and Public Works Committee, and they are now before the full Senate, so we may see changes in the future. This RIC, therefore, is likely Dr. Klein’s last as a member of the Commission that he has served on with distinction since 2006. I appreciate the important contributions he has made to the agency throughout his tenure and would ask that you join me now in thanking him for his many years of public service.

The RIC presents us with a valuable opportunity to step back and look at where we are at as an agency. The NRC has much work in front of it, and it has many dedicated staff behind it. The compass that will guide us in the future is no different than that which has guided us in the

past: our mission – public health and safety, security, and protecting the environment. That compass guides every aspect of our regulatory work, whether it’s our development of standards and regulations, our licensing reviews, or our oversight efforts.

Our mission is comprehensive, but the way in which we meet our mandate is not static. For all the changes to our regulatory landscape over the last few years – the increased focus on security after 9/11, the safety changes after Davis Besse, the wave of license renewal and new reactor applications – our work likely will only become more varied and vital in the coming years.

We must provide a steady hand – to continue doing what we’ve always done well, and to prepare for new and emerging challenges. And we also must keep our eyes fixed on the horizon – to appreciate where we are going, to recognize the issues that will take on added importance in the coming years, and to know what we need to do now in order to prepare for those challenges.

In my speech today, I will share my observations of where we stand today as an agency and my vision for the NRC over the upcoming year. I will do so using the lens of our key regulatory tools – rulemaking, licensing, and oversight.

This has been an interesting year in the area of regulations. Our work on Part 26 – the fitness-for-duty rule – and Part 73 – the power reactor security rule – generated lots of discussion on how we coordinate and implement our rules. Rulemaking is, on one hand, an agency responsibility, and we can always look for ways to improve. But the responsibility is not just ours. It is incumbent upon our licensees to give us good information during the public comment period. I would like to reinforce the expectation that licensees need to participate in the process as it is designed and provide comments on areas of concern during the appropriate time and place in that process. Interested stakeholders have the responsibility to follow this process and stay engaged at every step. Once the rulemaking is completed, organizations as sophisticated as those represented by our licensees should clearly be in a position to implement the directions as outlined in the final rule. It is important to remember that rules promulgated on the basis of reasonable assurance of adequate protection do not take cost-benefit analysis into account.

This past year, the Commission finalized a new cyber security rule. In accordance with the rule’s requirements, all licensees have submitted their cyber security plans and their implementation schedules. To assist with implementation, the staff also has completed work on the regulatory guide, and continues to make progress in reviewing licensee plans and schedules. I would like to highlight Commissioner Svinicki’s work on this issue. She has been tireless in keeping both the staff and the Commission focused on this important issue, and in ensuring that implementation of our new cyber security regulations proceeds effectively.

These and our other efforts to codify the post-9/11 orders are a sign of the significant progress we’ve made in moving towards a more stable security framework. We cannot, however, lose sight of the dynamic threat environment. Our security work is not complete. The cyber threat, in particular, is a threat that evolves quickly and one we will need to maintain a focus on to appreciate the risks it poses and how we can best guard against them. FBI Director Robert

Mueller recently described cyber terrorism as a real threat that is "rapidly growing." Although cyber security is currently part of our Design Basis Threat, we will need to develop appropriate performance testing criteria as we have for physical threats.

Looking ahead to the Commission's agenda for the next few months, I would like to address an "elephant in the room" – the update to the Waste Confidence Rule. The Commission has been focusing on this update to our generic determination of the environmental impacts of spent nuclear fuel and working to develop a final answer. As we do so, it is important that we stay focused on our regulatory responsibility – to ensure that spent fuel is safely and securely managed. Staff has taken a fresh look at the technical basis for our waste confidence findings and reaffirmed that spent nuclear fuel in any reactor can be safely stored, without a significant impact to the environment, for 50 to 60 years after the licensed life of operation. The Commission has this draft final rule in front of it now. I'm looking forward to working with my colleagues to develop a rule that will provide stability once and for all in the area of waste confidence. We need a rule that will stand the test of time; a rule that appropriately focuses on our mission. We should leave the ultimate strategy of disposal to organizations like the Blue Ribbon Commission whose job it is to examine the alternatives and make the recommendations on permanent disposal.

Our licensing actions are where our work begins in ensuring that our applicants are taking the necessary steps to be able to operate in a safe, secure, and environmentally sensitive manner. This is an area where our regulatory waters are far from still. I had an opportunity to travel to South Africa recently for an IAEA conference. While I was there, I traveled to the end of Cape Point where the Atlantic and Indian Oceans meet. As I saw those mighty forces converge, I paused to think about how our agency will experience a confluence of significant challenges in the near future. In 2012, we will still be working on license renewal applications as we have for the past few years. In addition, we may well be overseeing the construction of a new reactor – Watts Bar 2 – under the old Part 50 process. We also may be approaching a final decision on the first COL applications under the new Part 52 process, and may begin reviewing the first design certification request for a small modular reactor.

A necessary component for success is for applicants to get designs completed as early as possible and to provide high quality information in their applications. Successfully navigating the agency's responsibilities with regard to these four challenges will require us to stay focused on our mission of safety, security, and protection of the environment. We will continue to strive to be open, transparent, efficient, and decisive regulators.

Our agency has a strong track record of conducting efficient, predictable licensing reviews while always staying focused on our public safety mission. You need look no further than our existing licensing process to see that we know how to do this work. We complete approximately 1500 licensing actions and tasks per year – 90 percent of them within twelve months. And with the steps we have taken in past years to process the large number of license renewal and new reactor applications we've received, the NRC is well-prepared to maintain that strong track record. That's the focus for the staff moving forward.

But the Commission still has work to do. In 2007, the Commission committed itself to conducting mandatory hearings associated with applications for combined licenses, rather than to continue to have the Licensing Boards perform this function. These are uncharted waters for the Commission. It is incumbent on the Commission to lay out a vision on how these hearings will look and concrete, transparent plans about how they will be conducted. That is a big challenge for the Commission, but that is far from the only issue before us today.

In addition to the COL reviews that garner most of the attention, the agency has been preparing for the potential future oversight of construction and operating activities. For example, the staff has been developing guidance to implement inspections, tests, analyses, and acceptance criteria (ITAAC). The staff has worked hard and deployed their considerable expertise in doing so. But we have never used this process before. We have to recognize that there may be unexpected issues that arise once we begin implementation.

A new reactor issue that has roots in existing reactor regulations that you've heard me discuss on several occasions is GSI-191. This emergency core cooling system's sump clogging issue has been around for way too long with existing reactors, and has now even cropped up as a potential problem in certain new reactor designs. Existing reactors are running out of time to come into compliance with existing regulations to adopt a clearly accepted method for resolving the outstanding issues and making the necessary commitments in order to bring this issue to closure by the end of this year. And new reactor applicants should want to resolve this issue as soon as possible because it has the potential to make our safety reviews of their applications more complicated.

There is one licensing area where we have had difficulty making clear, tangible progress. For those who have heard me speak before at the RIC, it will come as a little surprise to hear that I am referring to the reactor license amendment requests for adopting NFPA 805. The Commission's policy on this issue is clear: the "staff should continue to encourage licensees to transition to NFPA 805." The Commission has advocated that policy for good reason. NFPA 805 allows licensees to take advantage of risk insights to enhance safety and to take a comprehensive evaluation of their fire safety measures. Fifty plants have voluntarily opted to shift towards this risk-informed regulatory framework. The first license amendment should be approved later this year. Once we have the pilot complete and we have proven that the process works, I would encourage licensees not to wait to submit their amendment applications. I challenge all licensees to adopt NFPA 805.

NFPA 805 is the lighthouse to guide us forward in this area. We have grappled with this matter for thirty-five years since the Brown's Ferry Fire. Our journey towards resolving this issue has been slow and meandering. We had hoped that two pilot plants would have completed their safety evaluation reports in late 2009. But like many new processes, the NFPA pilot plant transitions have been complex, and have required a significant level of effort by licensees, as well as the NRC staff. We are now in the final stages of the review of the Shearon Harris plant, which could be completed as early as this spring; the Onocee plant is also expected to be finished later this year. We need to continue pressing ahead on this issue. And for one simple reason that we have long recognized – fire poses a significant threat to plant safety.

However important good rules are, what ultimately defines a regulator is its ability to ensure that its requirements are being followed. We stand watch, but the NRC can't be everywhere, and can't inspect everything. That is why we must always maintain an effective oversight program that best leverages the information that we do have to effectively identify possible violations. And that's why it's so important that when we have information about potential violations, we then conduct thorough investigations and take appropriate enforcement actions.

We have taken a couple of significant positive steps in these areas over the past year. First, staff initiated a major revision of our Enforcement Policy, after seeking and incorporating public comments. This revision reorganizes and removes outdated information, addresses new enforcement issues, and improves and expands on enforcement examples. These changes will make the policy easier to understand and use and provide guidance on emerging enforcement issues, particularly in the area of security. The revised policy is now before the Commission for review. Second, staff has continued to enhance our allegations program based on the lessons-learned review of the Peach Bottom incident.

The Commission should place greater focus on the issue of Alternative Dispute Resolution (ADR) in enforcement. As ADR has increasingly become a key part of our enforcement program, I believe we must make this process as open and transparent as possible. While ADR negotiations must remain private in order to be effective, we can and should take steps to ensure that the ADR process is clear to the participants and the public, that the process is implemented consistently, and that ADR outcomes are fully disclosed to the public. I expect to propose policy changes in the near future to enhance Commission oversight and transparency in this area.

Looking back over the past ten years, one of the better oversight tools that we've developed has been the Reactor Oversight Process (ROP). This risk-informed oversight tool uses performance indicators to gauge plant performance. Although the ROP has served us well, we have to continually reevaluate the effectiveness of specific indicators. We have an obligation to make sure that plant performance is consistently high and not just being tuned more finely to the indicator itself. We still have work to do in developing a spectrum of rotating performance indicators that will give us a better understanding of actual plant performance. Next month, the staff plans to hold a public meeting to begin a discussion about performance indicators that will provide a good opportunity for the public and stakeholders to comment on the next decade of their use in the reactor oversight process.

It's our job as a regulator to identify violations. But it would always be better if they didn't happen in the first place. There are a couple of potential opportunities that we should explore in the next year in this area. The first concerns the safety culture of our licensees. The reason we care about safety culture is simple – we have found over the years that a deteriorating safety culture is associated with safety problems. We have made a lot of progress on our efforts thus far in the area of safety culture. We have incorporated safety culture into our oversight of reactor licenses. The safety culture policy statement has been out for public comment, and that comment period has just closed. The Commission is holding a meeting on this issue later this month, and we look forward to a discussion on this important topic. Once the policy statement is

finalized, the Commission can then answer the next question – do we need to regulate safety culture directly? From changing the ROP to address this issue, to writing a regulation that would in some way allow us to enforce in this area – the Commission has its work to do. We have come so far, and it is now time to decide how far we have yet to go.

Another issue that has risen to the surface recently is materials degradation. We have seen – with the issue of buried piping and tritium leaks – the public concern that this issue can raise. The leaks to this point have been of low significance to public health and safety. But the NRC always inspects licensees who have such leaks, and in each case, makes certain that they are taking the appropriate steps to find the source and to protect the public and the environment. The recent piping and tritium concerns have led the staff to suggest that we take additional pro-active steps. For example, the staff will actively participate in American Society of Mechanical Engineers Code and NACE International standards activities to determine if it becomes necessary at any point to reassess our corrosion protection standards.

Just as our mission calls for us to clearly communicate to the public about the relatively low significance of these events, it is also imperative that we clearly communicate to the licensees that we are not going to attempt to explain away performance that is less than stellar. Licensees have a responsibility to communicate for themselves and to make their own efforts to earn and keep the trust of the public in the communities where they are located.

The issues that I have covered today reflect the breadth and the importance of the work of our agency. It will probably surprise few people to hear that the NRC's actions are being followed very closely today by the public, policymakers, and stakeholders. And, this is not just in our country, but also in the international community. I believe that all of this scrutiny and attention makes it even more important that we conduct the public's work in an open and transparent manner.

Over the past few months, we have moved forward with implementing the President's Open Government Directive. As an independent agency, we were not required to comply with this Directive, but we have done so because it's in line with our historic organizational commitment to openness and transparency. This is an area that will always require our continuing focus. We can't simply check a few boxes on a form, and then declare ourselves open and transparent. We have to continually explain to the public what we are doing, how we are doing it, and why we are doing it.

Our staff has done much good work in this area by reaching out to the public and to our stakeholders in developing new regulations and explaining our implementation. Consistent with that approach, I hope that over the next few months the Commission will begin to meet more frequently in public to deliberate and vote on matters under consideration. I believe that this kind of openness and transparency will build public confidence in the agency by highlighting our strengths: the hard work and dedication of the staff, and the diligence of the Commission.

And it is for those very reasons that I am proud to lead this agency and am proud to serve with the dedicated men and women of the NRC. I know that I have set out an ambitious agenda for the next year. But our mission demands it. We are charged with ensuring the health, safety

and security of the American people and the protection of the environment. That is the compass that guides us; that is how we stay our course. I know that we are up to the task of meeting those crucial responsibilities.

Thank you for coming to the RIC. Your participation is what makes it such a great success every year.