

December 23, 2010

MEMORANDUM TO: Thomas B. Blount, Acting Director
Division of Policy and Rulemaking
Office of Nuclear Reactor Regulation

FROM: Thomas L. Fredrichs, Sr., Licensee Financial Policy Advisor **/RA/**
Division of Policy and Rulemaking **by CRegan for**
Office of Nuclear Reactor Regulation

SUBJECT: NOTICE OF WORKSHOP WITH STAKEHOLDERS TO SOLICIT
COMMENTS ON ISSUES RELATED TO DECOMMISSIONING
FUNDING ASSURANCE FOR POWER REACTORS

DATE AND TIME: Wednesday, March 2, 2011
8:00 a.m. – 4:30 p.m.

LOCATION: The Nuclear Regulatory Commission (NRC) Headquarters
One White Flint North
11555 Rockville Pike
Rockville, MD 20852 (Commissioner's Conference Room)

PURPOSE: To conduct a workshop with stakeholders on applying net present value techniques to discount the amount of a parent company guarantee (PCG) used for power reactor decommissioning financial assurance. The comments will be used to develop an Options Paper for Commission consideration. In addition, NRC will discuss the status of a re-evaluation of the minimum assurance formula in 10 CFR 50.75(c); reconsideration of the effect of the reduction in costs achievable by waste processing techniques in the guidance of NUREG-1307, "Report on Waste Burial Charges"; and a draft Regulatory Information Summary providing instructions on preparing the decommissioning fund status report required by 10 CFR 50.75(f)(1) and (2). NRC seeks

MEETING CONTACT: Thomas L. Fredrichs, NRR/DPR
301-415-5971
NPVWorkshop.Resource@nrc.gov

*Commission's Policy Statement on "Enhancing Public Participation in NRC Meetings," 67 Federal Register 36920, May 28, 2002. For information regarding participating via teleconference or Webinar, please contact Kosmas Lois at 301-415-8341 or NPVWorkshop.Resource@nrc.gov

comments on probability and statistical techniques that can provide insight on the likelihood that a trust fund will provide funds when needed for decommissioning. Stakeholders with an interest in making a presentation on these issues should inform the NRC by January 27, 2011. Depending on the level of interest, stakeholders may use their time to hold a panel discussion. Stakeholders should contact the staff to arrange for presentations or panel discussions. Due to time limitations at the meeting, it may not be possible to accommodate all requests to make a presentation, and it may be necessary to set time limits on presentations. However, all stakeholders are encouraged to provide written comments. Presentations should be submitted in final form by February 23, 2011. Written comments should be received no later than April 4, 2011. However, if submitted by February 23rd, they will be put in the Agency Document Access and Management System in time for other attendees to view them before the workshop. Written comments may be sent to the U.S Nuclear Regulatory Commission, One White Flint North, 11555 Rockville Pike, Mail Stop O12-E02, Rockville, MD, 20852-2738. Comments may also be sent by e-mail to NPVWorkshop.Resource@nrc.gov. Please see Enclosure 1 for a list of issues on which the NRC seeks comment. More detail on the background, issues, and a list of relevant documents are area available through the NRC's Public Meeting Schedule, <http://www.nrc.gov/public-involve/public-meetings/index.cfm>. Stakeholders should check the meeting schedule to see if updates have been added.

The purpose of the Update No. 1 is to inform stakeholders that the period for requesting to make a presentation will be extended to January 27, 2011.

PARTICIPANTS:

NRC
TBD

STAKEHOLDERS
TBD

CATEGORY 3*:

This is a Category 3 Public Meeting. Public participation is actively sought at this type of meeting, which has the widest participation opportunities and is specifically tailored for the public to comment and ask questions throughout the meeting. The NRC's Policy Statement, Enhancing Public Participation in NRC Meetings, effective May 28, 2002, applies to this meeting. The policy statement may be found on the NRC Web site at:

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<http://www.nrc.gov/reading-rm/docollections/commission/policy/67fr36920.html> and contains information regarding visitors and security.

Enclosures:

1. List of Comments sought by NRC
2. Agenda
3. List of documents related to workshop

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OFFICE	NRR/DPR/PFAB	NRR/DPR	NRR/DPR/PFAB: BC
NAME	ASimmons	TFredrichs (CRegan for)	CRegan
DATE	12/14/2010	12/15/2010	12/23/2010

OFFICIAL RECORD COPY

LIST OF COMMENTS SOUGHT BY NRC

Comments Sought on Net Present Value Discounting of Parent Company Guarantee (PCG)

- Comments on how to evaluate a request for discounted PCG under 50.12 (exemptions) or 50.75(e)(1)(vi) (licensee specific evaluation of equivalency)
- Acceptability of discounted PCG
- Whether conditions are needed to achieve equivalency to existing methods
- Cost-benefit
 - Identify cost savings from using discounted PCG
- Level of public participation in the evaluation process
- Risks
 - Non-payment due to financial stress
 - Reduction of recovery in bankruptcy
 - Delay in starting of decommissioning
 - Delay after start of decommissioning
 - Risk of discounted PCG compared to full-value PCG
- Incentive to delay or cease payments into trust fund due to discounted PCG
- Potential conditions on use of discounted PCG
 - Time limits on discounted PCG – allow up to time of permanent shutdown, then require full-value PCG afterward
 - Security for discounted PCG
 - Cash reserve
 - Collateral
 - Annual payments into trust fund until discounted PCG no longer used
 - Greater degree of conditions for merchant plant licensee compared to utility licensees
 - Comments on the effect of the amendment to Appendix A to 10 CFR Part 30, as described in SECY-09-0042, “Decommissioning Planning Rule,” (ML090490280), may have on a discounted PCG, once the rule becomes effective.

Comments Sought on Potential Changes to Cost Formula in 10 CFR 50.75(c)

- Cost drivers and escalation factors
- Property taxes and soil/groundwater contamination

Comments Sought on DG-1229, Revision 1, “Assuring the Availability of Funds for Decommissioning Nuclear Reactors

- Revised time guideline for merchant plant to correct shortfall
- Added good faith effort for utility plant to seek additional funds
- Definitions of decommissioning funding assurance and shortfall

Comments Sought on Potential Changes to NUREG-1307, "Report on Waste Burial Charges"

- Cost range for reference plant \$477 million to \$824 million in 2010
- Low end of range based on 100% processing of waste
- Actual licensee plans indicate that 100% processing of waste not likely to be achieved

Comments Sought on RIS-2010-XXX, "Reporting for Decommissioning Fund Status Reports"

- Instructions on preparing report required by 10 CFR 50.75(f)(1) or (2)

Stakeholder Concerns

- Stakeholders are invited to offer to make presentations
- Time limitations may limit the number of offers that can be accepted
- Written comments are encouraged

Comments on Use of Monte Carlo Probability Techniques to Evaluate Risk of Funding Shortfall

- Monte Carlo techniques can provide insight to the probability that a trust fund will or won't meet the funding goals
- Monte Carlo techniques have been used by the Government Accountability Office to estimate the probability that a government trust fund will reach its funding goals
- The U.S Treasury used Monte Carlo techniques in the stress test of banks following the market downturn of 2008

For information regarding participating via teleconference or webinar, please contact Kosmas Lois at 301-415-8341 or NPVWorkshop.Resource@nrc.gov.

**March 2, 2011
NRC DECOMMISSIONING FUND WORKSHOP
AGENDA**

Common Session 1						
Commissioner's Hearing Room, One White Flint North						
Time:	Topic:			Speaker:	Organization:	
8:00 AM	Meeting Announcements			Brian Anderson, Facilitator	US NRC	
8:15 AM	Introduction & Welcome			Bruce Boger, Deputy Director	US NRC	
8:30 AM	Draft RIS 2010-XXX and Draft Reg. Guide DG-1229			Aaron Szabo, Financial Analyst	US NRC	
9:00 AM	10 CFR 50.75(c) Minimum Assurance Requirement & NUREG-1307 Waste Vendor Option			Larry Pittiglio, Licensee Financial Policy Advisor	US NRC	
				Steve Short, Senior Project Manager	Pacific Northwest National Laboratory	
9:45 AM	BREAK					
	Breakout Session 1			Breakout Session 2		
	Commissioner's Hearing Room, One White Flint North			ASLB Hearing Room, Two White Flint North		
Time:	Topic:	Speaker:	Organization	Topic:	Speaker:	Organization:
10:00 AM	Cost Trends in Decommissioning	Ed Abbott, President	ABZ Consulting	Use of Monte Carlo Techniques to Assess Likelihood of Meeting Trust Fund Goals	Ming Chen, Economist	Government Accountability Office
10:30 AM	Comments on Decommissioning	John Sipos, Assistant Attorney General	New York Office of the Attorney General	Nuclear Decommissioning Trust Asset/Liability Modeling	David Emerson, Sr. VP/Principal Kathy Taylor, Sr. VP/Principal	LCG Associates
11:00	What Every Regulator	Sarah Hoffman,	Vermont	Historical NDT Fund Balances,	David Krause	Duff & Phelps

ENCLOSURE 2

AM	Should Consider in Post Yucca World	Director	Public Service Commission	Annual Contributions and Decommissioning Cost Estimates	Senior Vice President	Investment Management Company
11:30 AM	Credit Implications Associated with Nuclear Generation for U.S. Utilities	Jim Hempstead, Senior Vice President	Moody's Investors Service	Calibrating Investment Return Expectations	Jon Brusven, Associate Director	NDT Fund Study Group
12:00 PM	LUNCH					

Common Session 2			
Commissioner's Hearing Room, One White Flint North			
Time:	Topic:	Speaker:	Organization:
1:30 PM	Consideration of Present Value to Discount Parent Company Guarantee for Decommissioning Financial Assurance	Thomas Fredrichs, Senior Advisor for Licensee Financial Policy	US NRC
2:30 PM	Comments on NRC Presentation	Adam Levin, Director of Spent Fuel & Decommissioning	Exelon Generation Company
3:00 PM	BREAK		
3:15 PM	Comments on NRC Presentation	Leslie Kass, Senior Business Policy and Program Director	Nuclear Energy Institute
3:45 PM	General Q & A, Wrap-Up		
4:30	Adjourn		

ENCLOSURE 2

Documents for Decommissioning Financial Assurance Workshop Mar. 2, 2011

DG-1229, Rev. 0	ML091420223
Funding Report Analysis Process	ML092300735
Explanation of Draft Regulatory Guidance DG-1229	ML092300737
NEI Comments on DG-1229 Rev. 0	ML092930272
TVA Comments on DG-1229 Rev. 0	ML092590126
Detroit Edison Comments on DG-1229 Rev. 0	ML092590129
EnergySolutions Comments on DG-1229 Rev. 0	ML092610669
STARS Comments on DG-1229 Rev. 0	ML092720259
SECY-09-0146, 2009 Summary of Decommissioning Funding Status Reports For Nuclear Power Reactors	ML092580041
NEI Comments on SECY-09-00146	ML093100301
Transcript of Commission Public Meeting February 23, 2010	ML100610257
Briefing Slides & Exhibits February 23, 2010	ML100550292
SECY-10-0084, Explanation of Changes to Revision 2 to Regulatory Guide 1.159, "Assuring the Availability of Funds For Decommissioning Nuclear Reactors"	ML101540500 (Package)
NEI Comments on SECY-10-0084	ML103220332
Vote Record on SECY-10-0084	ML102990117
SRM-SECY-01-0084	ML102980565
State of New York Attorney General Comments on Decommissioning Rulemaking	ML103350167
DG-1229, Rev. 1	TBD
RIS 2010-XXXX 10 CFR 50.75 Reporting for Decommissioning Fund Status Reports	TBD