

April 15, 2011

MEMORANDUM TO: Marissa G. Bailey, Deputy Director
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

FROM: Patricia A. Silva, Chief **/RA/**
Technical Support Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

SUBJECT: MEETING BETWEEN THE U.S. NUCLEAR REGULATORY
COMMISSION STAFF, NUCLEAR ENERGY INSTITUTE AND FUEL
CYCLE FACILITIES REPRESENTATIVES CONCERNING
ENHANCEMENTS TO THE FUEL CYCLE OVERSIGHT PROCESS

On March 17, 2011, U.S. Nuclear Regulatory Commission (NRC) staff met with representatives of the Nuclear Energy Institute (NEI) and fuel cycle licensees and certificate holders to discuss enhancements to the Fuel Cycle Oversight Process (FCOP). Enclosure 1 lists the meeting attendees.

The notice for this public meeting was issued on March 4, 2011, and was posted on the NRC's public web page under the Agencywide Documents Access and Management System (ADAMS) accession number ML110610675. The meeting slides were published on March 16, 2011, under the ADAMS accession number ML110750500 and were provided to the meeting attendees (Enclosure 2).

The NRC staff presented the path towards crediting licensees and certificate holders for an effective corrective action program (CAP). NEI representatives questioned whether "inspecting" the licensees CAP meant that the NRC would write violations if they find that the CAP is not adequate. The NRC staff responded by stating that "inspecting" in the context of the slide was meant as the first inspection to verify the effectiveness of the CAP. Licensees objected to placing fuel cycle licensees in the same section as power reactors in the NRC Enforcement Policy (i.e., 2.3.2.a) because they want to avoid comparison to reactors. In response to this, an NRC staff member suggested that licensees propose a hypothetical section 2.3.2.c specifically for fuel cycle licensees as the criteria to disposition severity level IV violations as non-cited violations. Industry representatives agreed with the suggestion.

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Industry representatives were interested in receiving credit for an effective CAP before the approval of the next revision of the NRC Enforcement Policy. They asked the NRC staff to look for options to receive the credit as soon as possible. The NRC staff indicated that they will look if there are options. Also of great interest to industry was an overall reduction in inspection hours as a result of the credit for an effective CAP. The NRC staff was not certain, at the time, that credit for an effective CAP would result in less inspection hours. However, a possible reduction in inspection hours might result from the cornerstone development and the refocusing of inspection procedures. An industry representative asked whether the NRC is considering providing credit for an effective CAP for facilities under construction. An NRC staff member indicated that it is being considered in the Enforcement Policy.

The NRC staff discussed the basic attributes of an effective CAP. Industry also presented their views. The NRC and industry approaches were similar; the only difference was that the NRC approach did not mention a graded approach based on the significance and complexity of issues to determine root causes and corrective action. However, the NRC staff mentioned that the detailed criteria included a graded approach.

The NRC staff explained conceptually how the enhanced FCOP would work. Industry representatives noted that the “cross cutting aspects” box was in the incorrect place and that an explanation for enforcement was not provided in the description of the diagram with the meeting notice. The NRC staff agreed with the observation and will revise the diagram and incorporate a description. The NRC staff noted that a key difference from the Reactor Oversight Process (ROP) is what initiates these processes. Specifically, the initiation for the enhanced FCOP is an “inspection finding” and it was defined as “a non-compliance with NRC regulations, license, or certificate conditions that is greater than minor.” In contrast, a performance deficiency initiates the ROP. The definition of performance deficiency in Inspector Manual Chapter 0612 was proposed in the 2009 effort to revise the FCOP. However, stakeholders previously objected to the use of performance deficiencies. Another area of interest for industry was the proposed “Significance Evaluation Process.” The NRC staff described the Significance Evaluation Process as a two step process. The first step is a set of criteria that assists the inspector in evaluating the significance of the finding. The results can be either that the inspection finding is a severity level IV violation or that further analysis is needed. The second step is the “Safety Impacts Analysis.” One of the conceptual characteristics for the Safety Impacts Analysis discussed was that a single set of criteria was needed for all licensees and certificate holders. The single set of criteria is needed to make the FCOP consistent and fair to all licensees and certificate holders. Industry representative generally agreed to this characteristic.

The NRC staff presented the proposed oversight framework with the safety and security cornerstones. Industry understood the cornerstones, but requested clarification on how the NRC is going to implement the definitions of the cornerstones. Also, the NRC staff presented the proposed objectives of the safety cornerstones. An industry representative objected to the proposed objectives by stating that the proposed objectives imply a significantly lower threshold than what industry would expect and that the objective is to assure that licensees meet the performance requirements in Title 10 of the Code of *Federal Regulations* Part 70. The NRC staff will review the objectives to incorporate the comments as appropriate.

NRC staff provided a status update to the design features issue. The NRC staff, NEI, and industry discussed logistics for a public meeting on the design feature issue and the next public meeting on FCOP enhancements. Possible dates for these meetings are during mid April. Also, NEI and industry stated that they will provide written comments to the meeting slides, the proposed CAP elements discussed, and a proposed revision of the NRC Enforcement Policy.

These documents can be found on the NRC's public web site under the ADAMS accession number ML110900101.

Enclosures:

1. Meeting attendees
2. Mailing List
3. Meeting slides

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- 2. Mailing List
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SIGN-IN SHEET
Public Meeting on Fuel Cycle Oversight Enhancements

Thursday, March 17, 2011
1:00 p.m. – 5:00 p.m.

Name (Please Print)	Title/Affiliation (Please Print)
Charlie Vaughan	NEI
Robert Link	AREVA, Richland, WA
David Spangler	B&W NOG – Lynchburg
Larry Parscale	Honeywell MTW Project Manager
Dealis Gwyn	MOX Services
Jack Rollins	LES / Licensing
Gerard Couture	Licensing Manager / Westinghouse
John Miller	RSO / International Isotopes Inc.
John Wray	NRC – OE
Janet Schlueter	NEI
Mike Boren	USEC, Paducah, KY
Vernon Shanks	USEC, Paducah, KY
Jay Henson	USNRC, NMSS
Patricia Silva	NRC
Andrea Kock	NRC, OCM
Marissa Bailey	NRC
Douglas Collins	NRC, NMSS
Dennis Damon	NRC/NMSS/FCSS
Larry Campbell	NRC/NMSS/FCSS
Dennis Morey	NRC/NMSS/FCSS
Thomas Marenchin	NRC/NMSS/FCSS
On the telephone bridge line	
Cinthya Roman	NRC/NMSS/FCSS
Heather Gepford	NRC – Region II
Dallas Gardner	Enercon
John Corrado	USEC – American Centrifuge Plant (ACP)
Aerik LaFave	USEC – ACP
Tom Martin	USEC – ACP

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