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mPower

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Subject: Generation mPower LLC
Transition of Responsibility for B&W mPower™ Small Modular Reactor Licensing
Ltr. No. LTR-13-0035

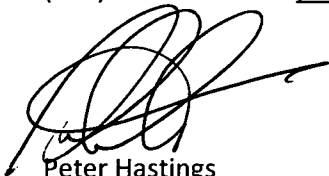
Reference: Letter, Hastings to Document Control Desk, *Establishment of Responsibility for B&W mPower™ Small Modular Reactor Licensing and Response to NRC Regulatory Issue Summary (RIS) 2012-12*, Ltr. No. LTR-13-0012, dated March 11, 2013 (ML13077A132)

The reference letter affirmed that Generation mPower LLC (GmP) intends to assume responsibility for submittal of the Babcock & Wilcox (B&W) mPower Small Modular Reactor (SMR) design certification application (DCA), and requested U.S. Nuclear Regulatory Commission (NRC) support in confirming the requirements for a timely transition in responsibility for the DCA to GmP.

Subsequent interaction with the NRC Staff identified the need for additional discussion of the expected approach for GmP regarding quality assurance and control of safeguards information. Enclosure 1 provides additional details on these topics for NRC Staff information.

GmP plans to effect the transition as the DCA applicant as of the date of this letter. Specific milestones are discussed in Enclosure 1.

If you have any questions or need any additional information, please contact me at your convenience at (980) 365-2071 or at psastings@generationmpower.com.



Peter Hastings
Director of Licensing
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Enclosure: (1) Generation mPower Transition Implementation

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GmP Transition Implementation

Background

The reference letter provided background information on GmP and its affiliates in development of the B&W mPower SMR, including an overview of GmP, its primary affiliates, and a discussion of associated commercial relationships. GmP was formed to: (a) obtain NRC design certification for the B&W mPower SMR; (b) contract with customers for designing, licensing, and constructing mPower plants; (c) support plant owners' pursuit of NRC licenses, including, as applicable, early site permits, construction permits, operating licenses, and combined construction and operating licenses for deployment of mPower units; (d) engineer, procure, and construct the mPower modules and plants; and (e) service operating mPower plants. GmP performs these functions with its own staff supplemented by contract support from B&W mPower and Bechtel Power Corporation (BPC).

Currently, The Babcock & Wilcox Company controls a majority interest in GmP and Bechtel Enterprise Holdings, Inc. controls the remaining interest. There are no foreign ownership interests. Funding from each of the parent companies supports initial development, design certification, marketing, and other business functions of GmP. GmP is governed by a Board of Directors comprised of representatives from its parent companies. B&W mPower and BPC have secondment agreements whereby each provides personnel to support GmP and each other. GmP serves as the primary customer contact and will enter into contracts with customers for professional services as well as engineering, procurement, and construction of the mPower plants. GmP will also be the applicant for NRC design certification for the mPower design, and will ensure design elements are integrated into a single cohesive, consistent licensing basis. B&W mPower is responsible for the development of the nuclear steam supply system and mPower module, which will include an integrated reactor, steam generator, and pressurizer. BPC has primary responsibility for balance-of-plant engineering as well as responsibility for development of significant portions of the plant engineering.

GmP's role as applicant for NRC design certification of the mPower design has been anticipated since the original formation of GmP, and the transition has been discussed with the NRC staff several times over the past year. GmP, B&W, and Bechtel function today as a team in DCA development, and those relationships, roles, and responsibilities will remain unchanged as a result of the transition (with the exception of GmP assuming the role of prospective applicant).

GmP's goal is to complete the activities associated with this transition before the end of June 2013.

Impact of Transition

As part of the transition, GmP expects to be the party billed by the NRC Staff for all pre-application interaction fees, along with fees for processing and reviewing the DCA itself. Subsequent to the transition, B&W will retain responsibility for certain technology and methodology activities, such as fuel-related Topical Reports. (B&W has submitted, and will continue to submit, certain Topical Reports for NRC review. Interactions will remain with B&W for those activities where NRC will issue Safety Evaluation Reports for B&W submitted Topical Reports.) Accordingly, while most pre-application interactions will be directly with GmP as the prospective DC applicant, continued pre-application interactions are necessary by both GmP and B&W. (These activities will continue to be coordinated/integrated across the larger GmP/B&W/Bechtel team.) GmP will coordinate all mPower-related fees and requests that NRC use topic-specific technical assignment control (TAC) numbers and include those

in invoices to GmP to facilitate internal assignment and tracking of costs, effective with review activities beginning on and after July 1, 2013.

Routine interactions with the NRC are not expected to be affected or interrupted, as the makeup of the overall mPower team is unchanged; GmP, B&W, and BPC interactions will continue to be coordinated in the same manner as currently occurs.

Two key transition areas of interest to the NRC Staff include quality assurance and protection of safeguards information.

Quality Assurance

B&W's QA Topical Report was approved by the NRC Staff on May 04, 2011. GmP has a separate, stand-alone QA Program Document (QAPD) that implements 10 CFR 50 Appendix B, and that is based on NQA-1-1994 and NEI 06-14. The GmP QAPD is implemented via a program plan and implementing procedures. B&W and Bechtel services are procured by GmP and those services are conducted under B&W's and Bechtel's respective QA program and procedures, subject to oversight and audit by GmP.

GmP expects to submit a Topical Report reflecting the GmP QAPD by the quarter prior to submittal of the DCA, or sooner, subject to discussion with the NRC Staff regarding availability of review resources. Further, the implementation of the GmP QAPD is available for NRC audit.

Control of Safeguards Information

B&W controls Safeguards Information (SGI) under an SGI program approved by the NRC Staff on October 28, 2011. The NRC-approved plan includes B&W oversight of SGI at B&W and Bechtel facilities supporting mPower project activities. B&W currently administers personnel background investigations, need-to-know determinations, training, and access control for B&W, Bechtel, and GmP personnel.

As part of the transition, GmP intends to delegate responsibility for SGI control to B&W and rely on B&W's current NRC-approved program, utilizing the existing, NRC-approved B&W Reviewing Officials such that current key staff roles and responsibilities are unchanged. B&W will also continue to conduct need-to-know determinations, training, and access control activities for B&W, Bechtel, and GmP personnel, and oversight of Bechtel's SGI activities. GmP personnel with a demonstrated need for access to SGI will undergo background checks and training in accordance with the B&W program prior to being granted access.

The current B&W program does not include generation and storage of SGI at GmP facilities and GmP does not envision the need to generate or store SGI at GmP facilities in the foreseeable future. In the event such a need arises, GmP understands a change to the current program would be required (including NRC approval).

Although there is no intent to change SGI key roles or how the program is currently administered as part of the transition, GmP acknowledges its responsibility as the DCA applicant for protection of SGI in accordance with 10 CFR 73.21(a) and believes this approach complies with the rule. GmP intends to prepare internal procedures reflecting the SGI controls described above for implementation concurrent with the transition. No changes to existing B&W SGI procedures are anticipated at this point.