U.S. NUCLEAR REGULATORY COMMISSION MANAGEMENT DIRECTIVE (MD)

MD 8.14	AGENCY ACTION REVIEW MEETING	DT-15-28
Volume 8:	Licensee Oversight Programs	
Approved By:	William M. Dean, Director Office of Nuclear Reactor Regulation	
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Issuing Office:	Office of Nuclear Reactor Regulation Division of Inspection and Regional Support	
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EXECUTIVE SUMMARY

Management Directive and Handbook 8.14, "Agency Action Review Meeting," are being revised to incorporate—

- The revised reporting criteria for the discussion of fuel facilities during the Agency Action Review Meeting (AARM),
- Organizational changes resulting from the merger of the Office of Nuclear Material Safety and Safeguards and the Office of Federal and State Materials and Environmental Management Programs,
- Clarification of the process for preparing and distributing the AARM meeting minutes, and
- Minor editorial updates.

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I. POLICY

It is the policy of the U.S. Nuclear Regulatory Commission to have its senior managers conduct an annual Agency Action Review Meeting (AARM). The AARM is an integral part of the evaluative process used by the agency to ensure the operational safety performance of nuclear licensees.

II. OBJECTIVES

- Review the appropriateness of agency actions taken for those power reactor plants with significant performance issues using data compiled during the end-of-cycle (EOC) review and those that have moved into the “multiple/repetitive degraded cornerstone” or the “unacceptable performance” columns of the Reactor Oversight Process (ROP) Action Matrix during the first quarter of the year in which the AARM is held and to identify additional actions, as appropriate.
- Review the appropriateness of agency actions taken for those power reactor plants under construction with significant performance issues using data compiled during the CEOC review and those that have moved into the “multiple/repetitive degraded cornerstone” or the “unacceptable performance” columns of the Construction Reactor Oversight Process (cROP) Action Matrix during the first quarter of the year in which the AARM is held and to identify additional actions, as appropriate.
- Review the appropriateness of agency actions taken for those nuclear materials licensees, including fuel cycle facilities that meet the criteria for discussion at the AARM as defined in SECY-11-0132, “Revision of the Criteria for Identifying Nuclear Materials Licensees for Discussion at the Agency Action Review Meeting,” and to identify additional actions, as appropriate.
- Ensure that coordinated courses of action are developed and implemented for licensees with performance issues.
- Review the results of the staff’s annual assessment of ROP effectiveness, including a review of all approved deviations from the Action Matrix.

- Review the results of the staff's assessment of cROP effectiveness, including all approved deviations from the Construction Action Matrix.
- Ensure that trends in industry and licensee performance are recognized and appropriately addressed.

III. ORGANIZATIONAL RESPONSIBILITIES AND DELEGATIONS OF AUTHORITY

A. Executive Director for Operations (EDO)

1. Oversees AARM activities and conducts the meeting.
2. Decides if any additional or alternate NRC actions besides those already completed or planned are to be conducted at a particular licensee's facility on the basis of discussions at the AARM.
3. Briefs the Commission on the results of the AARM.

B. Director, Office of Nuclear Reactor Regulation (NRR)

1. Develops guidance for coordinating AARM preparation activities.
2. Coordinates AARM preparations and discussions pertaining to nuclear reactors within the Office of Nuclear Reactor Regulation (NRR) and between other NRC headquarters and regional offices.
3. Coordinates and conducts EOC summary meetings, if necessary, on the basis of the results of the regional EOC reviews.
4. Develops ROP program policies and procedures, and ensures the effectiveness of program implementation.
5. Participates in the AARM and leads discussion, as necessary.
6. Coordinates with the Office of New Reactors (NRO) and other NRC headquarters and regional offices on preparation of the AARM agenda and meeting minutes.

C. Director, Office of Nuclear Material Safety and Safeguards (NMSS)

1. Coordinates with other NRC headquarters and regional offices on preparations and discussions before the AARM pertaining to fuel cycle and other nuclear materials licensees. In consultation with the appropriate regional administrators (RAs), the Office of Nuclear Material Safety and Safeguards (NMSS) determines which, if any, fuel cycle or other nuclear materials licensees will be discussed at the AARM.
2. Participates in the AARM and leads discussions, as necessary.

D. Director, Office of Nuclear Security and Incident Response (NSIR)

1. Coordinates AARM preparations and discussions pertaining to the emergency preparedness and security cornerstones of the ROP and cROP, as well as fuel facility security issues between other NRC headquarters and regional offices.

2. Develops emergency preparedness and security-related ROP, cROP, and materials program policies and procedures, and ensures the effectiveness of program implementation.
3. Participates in the AARM and leads discussion, as necessary.
4. Coordinates with the other NRC headquarters and regional offices on preparation of the AARM agenda and meeting minutes.

E. Director, Office of New Reactors (NRO)

1. Coordinates AARM preparations and discussions pertaining to nuclear reactors under construction within NRO and between other NRC headquarters and regional offices.
2. Coordinates and conducts EOC summary meetings, if necessary, on the basis of the results of the regional EOC review meetings.
3. Develops cROP program policies and procedures, and ensures the effectiveness of program implementation.
4. Participates in the AARM and leads discussion, as necessary.

F. Region II Regional Administrator

Briefs the Director of NRO and other internal stakeholders at the EOC summary meeting on the performance of licensees with reactors under construction for those plants with significant performance problems as described in Section I.D of this handbook.

G. All Regional Administrators (All RAs)

1. Brief the Director of NRR and other internal stakeholders at the EOC summary meeting on the performance of licensees of operating reactors in their respective regions for those plants with significant performance problems as described in Section I.B of this handbook.
2. Coordinate AARM preparations with the program offices.
3. Participate in the AARM and lead discussions for reactor licensees in their respective regions.
4. Make recommendations to the Director of NMSS, as applicable, on candidate materials licensees to be discussed at the AARM. Brief the Director of NMSS and other internal stakeholders on the performance of nuclear materials licensees within the region and the Agreement States that are identified for discussion as a result of significant safety or safeguards performance issues, and lead the related AARM discussions, as applicable.

H. Directors of Staff Offices

1. Coordinate with program and regional offices in providing input to both the AARM and EOC meetings, as applicable.
2. Participate in the AARM as specified in the applicable portions of this handbook or as directed by the Executive Director for Operations.

I. Assistant for Operations, Office of the Executive Director for Operations (OEDO)

1. Coordinates or delegates coordination of AARM preparations with program and regional offices.
2. Is responsible or delegates responsibility for AARM logistics.

IV. APPLICABILITY

The policy and guidance in Management Directive 8.14 apply to all NRC employees and contractors.

V. DIRECTIVE HANDBOOK

Handbook 8.14 provides guidance for the preparation and conduct of the AARM.

VI. REFERENCES

Code of Federal Regulations

10 CFR 2.348, "Separation of Functions."

Nuclear Regulatory Commission Documents

Management Directive—

5.12, "International Nuclear and Radiological Event Scale (INES) Participation."

8.1, "Abnormal Occurrence Reporting Procedure."

NRC Enforcement Manual, available at http://www.nrc.gov/about-nrc/regulatory/enforcement/guidance.html#manual.

NRC Enforcement Policy, available at http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html.

NRC Inspection Manual Chapters:

0305, "Operating Reactor Assessment Program."

0307, "Reactor Oversight Process Self-Assessment Program."

0313, "Industry Trends Program."

0350, "Oversight of Reactor Facilities in a Shutdown Condition Due to Significant Performance and/or Operational Concerns."

2505, "Periodic Assessment of Construction Inspection Program Results."

2522, "Construction Reactor Oversight Process Self-Assessment Program."

NUREG-1614, "NRC Strategic Plan."

SECY-11-0132, "Revision of the Criteria for Identifying Nuclear Materials Licensees for Discussion at the Agency Action Review Meeting," September 20, 2011 (ML112280111).

Staff Requirements Memorandum, from Andrew L. Bates to Luis A. Reyes, COMSECY-07-0005, "Discussion of Plants in the Multiple/Repetitive Degraded Cornerstone Column of the Reactor Oversight Process Action Matrix," April 19, 2007 (ML071090473).

Staff Requirements Memorandum, from Annette L. Vietti-Cook to Luis A. Reyes, "Staff Requirements, Briefing on Results of the Agency Action Review Meeting (SECY-05-0070), 9:30 a.m., Wednesday, May 25, 2005, Commissioners' Conference Room, One White Flint North, Rockville, Maryland (Open to Public Attendance)," June 30, 2005 (ML051810313).

Staff Requirements Memorandum, from Annette L. Vietti-Cook to Luis A. Reyes, SRM-M040504B, "Staff Requirements - Briefing on Results of the Agency Action Review Meeting, 9:30 a.m., Tuesday, May 4, 2004, Commissioners' Conference Room, One White Flint North, Rockville, Maryland (Open to Public Attendance)," May 27, 2004 (ML041480131).

U.S. NUCLEAR REGULATORY COMMISSION DIRECTIVE HANDBOOK (DH)

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I. PREPARATION FOR THE AGENCY ACTION REVIEW MEETING (AARM)

A. General

1. Headquarters and regional staff will work together to develop the information to be used at the Agency Action Review Meeting (AARM). The Office of Nuclear Reactor Regulation (NRR) will assemble this information into the AARM notebook, which will be distributed to AARM participants in advance of the meeting. Informational copies will be provided to the Commission after the AARM as part of background material for the Commission briefing on the results of the AARM.

2. Throughout this management directive (MD)—

   (a) The term “Action Matrix” refers to the Reactor Oversight Process (ROP) Action Matrix in Inspection Manual Chapter (IMC) 0305, “Operating Reactor Assessment Program.”

   (b) The term “Construction Action Matrix” refers to the Construction Reactor Oversight Process (cROP) Action Matrix in IMC 2505, “Periodic Assessment of Construction Inspection Program Results.”

   (c) Any reference to nuclear materials licensees includes certificate holders and other regulated entities.

B. End-of-Cycle Reviews and Summary Meetings for Operating Reactors

1. Each regional office will conduct an end-of-cycle (EOC) review for all operating reactors within its purview in accordance with IMC 0305. The EOC review is a comprehensive assessment of licensee performance using the most recent

performance indicators and inspection findings from the recently completed 12-month annual assessment cycle. The staff conducts EOC reviews to analyze licensee performance information from inspection reports and performance indicators, along with other pertinent data, to confirm NRC actions and allocate resources.

2. In addition, the EOC summary meeting is conducted at the conclusion of the EOC reviews to discuss the results with the Director of NRR and other internal stakeholders. Plant performance discussions are limited to those plants that meet the criteria specified in IMC 0305. The regional staff will coordinate with NRR to schedule and conduct the summary meeting.

C. Final AARM Preparations for Operating Reactor Licensees

1. Following the EOC reviews, the headquarters and regional staff will work together to develop the information to be discussed at the AARM. Plant performance discussions are limited to those plants that met the following criteria during the recently completed 12-month annual assessment:

   (a) Have been in the “multiple/repetitive degraded cornerstone” column,

   (b) Have been in the “unacceptable performance” column,

   (c) Are under IMC 0350, “Oversight of Reactor Facilities in a Shutdown Condition Due to Significant Performance and/or Operational Concerns,”

   (d) Have been in the “degraded cornerstone” column for 3 years,[1] or

   (e) Have moved into the “multiple/repetitive degraded cornerstone” column or the “unacceptable performance” column of the Action Matrix during the first quarter of the year in which the AARM is held.[2]

2. NRR will assemble information into the AARM notebook. For each reactor to be discussed, the associated regional office will provide NRR the following information:

   (a) A presentation of plant performance,

   (b) Pertinent performance indicator (PI) report,

   (c) Finding summary report, and

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[1] As directed by Staff Requirements Memorandum COMSECY-07-0005, “Discussion of Plants in the Multiple/Repetitive Degraded Cornerstone Column of the Reactor Oversight Process Action Matrix,” the ROP has been changed to include a provision that a licensee who remains in column 3 for 3 years should be invited to meet with the Commission. The Commission will then evaluate the need for subsequent briefings by the licensee with senior agency management after the AARM.

[2] A licensee who enters the “multiple/repetitive degraded cornerstone” column or the “unacceptable performance” column may not necessarily be invited to meet with the Commission following the subsequent AARM.

(d) The plant performance summary information used in the EOC summary meeting and to be revised to incorporate any insights developed during the meeting, including—

(i) An operating summary;

(ii) A performance overview (current overall assessment and previous assessment results);

(iii) Inspection and PI results by cornerstones;

(iv) Other issues (i.e., substantive cross-cutting issues (SCCIs), PI verification, and non-significance determination process (non-SDP) enforcement actions of at least Severity Level III);

(v) A proposed inspection plan; and

(vi) The plant-specific Action Matrix used in the EOC summary meeting that details the timeline and consideration of PIs and inspection findings in the assessment program.

3. NRR will include the following information in the AARM notebook:

(a) A meeting agenda.

(b) A presentation of the self-assessment of the ROP, including lessons learned and recommended program adjustments. An annual report, prepared in accordance with IMC 0307, "Reactor Oversight Process Self-Assessment Program," may be referenced for the AARM but will be included in the AARM notebook provided to the Commission. This process is intended to assess the effectiveness of the ROP and to develop recommendations for improvement.

(c) All ROP Action Matrix deviations[3] to ensure that the causes for the deviations are fully understood and to identify any necessary changes to the ROP to improve guidance documents. (This specific aspect of the self-assessment must be discussed at the AARM, and the Commissioners must also be briefed on this evaluation).

(d) A presentation of industry performance trends. An annual report, prepared in accordance with IMC 0313 "Industry Trends Program," may be referenced for the AARM but will be included in the AARM notebook provided to the Commission. This process will ensure that the agency recognizes and appropriately addresses trends in industry and licensee performance.

(e) Other information as necessary or as specified by the Executive Director for Operations (EDO).

[3] Staff Requirement Memorandum dated May 27, 2004, reference M040504B.

D. End-of-Cycle Reviews and Summary Meetings for Reactors that are Under Construction

1. Region II will conduct an EOC review for all reactors that are under construction in accordance with IMC 2505. The EOC review is a comprehensive assessment of licensee performance using the most recent inspection findings from the recently completed (12-month) annual assessment cycle. The regional staff conducts EOC reviews to analyze licensee performance information from inspection reports, along with other pertinent data, to confirm NRC actions and allocate resources.

2. An EOC Summary Briefing may be necessary before the AARM to summarize licensee performance results with the Office of New Reactors (NRO) senior management. Plant performance discussions are limited to those plants that meet the criteria specified in IMC 2505. The regional staff will coordinate with NRO to schedule and conduct the summary meeting.

E. Final AARM Preparations for Reactor Construction Licensees

1. Following the EOC reviews, the headquarters and regional staff will work together to develop the information to be discussed at the AARM. Plant performance discussions are limited to those plants during the recently completed 12-month annual assessment cycle that—

   (a) Have been in the “multiple/repetitive degraded cornerstone” column, or

   (b) Have been in the “unacceptable performance” column, or

   (c) Have been in the “degraded cornerstone” column for one and one-half years, or

   (d) Have moved into the “multiple/repetitive degraded cornerstone” column or the “unacceptable performance” column of the Construction Action Matrix during the first quarter of the year in which the AARM is held.

2. NRO will provide information to NRR for assembly into the AARM notebook. For each reactor under construction to be discussed, Region II will provide NRO the following information:

   (a) A presentation of plant performance,

   (b) Finding summary report, and

   (c) Construction plant performance summary information used in the EOC summary meeting and to be revised to incorporate any insights developed during the meeting, including—

      (i) A performance overview (current overall assessment and previous assessment results),

      (ii) Other issues (i.e., construction SCCIs and non-significance determination process (non-SDP) enforcement actions of at least Severity Level III),

      (iii) A proposed inspection plan, and

(iv) The plant-specific Construction Action Matrix used in the EOC summary meeting that details the timeline and consideration of inspection findings in the assessment program.

3. NRO will provide NRR the following information for inclusion in the notebook:

(a) A presentation of the self-assessment of the cROP, including lessons learned and recommended program adjustments. An annual report, prepared in accordance with IMC 2522, "Construction Reactor Oversight Process Self-Assessment Program," may be referenced for the AARM but will be included in the AARM notebook provided to the Commission. This process is intended to assess the effectiveness of the cROP and to develop recommendations for improvement.

(b) All cROP Construction Action Matrix deviations to ensure that the causes for the deviations are understood and to identify any necessary changes to the cROP to improve the guidance documents. (This specific aspect of the self-assessment must be discussed at the AARM, and the Commissioners must also be briefed on this evaluation.)

(c) Other information, as necessary or as specified by the EDO.

F. Final AARM Preparations for Materials Licensees, Including Fuel Cycle Facilities

1. The Office of Nuclear Material Safety and Safeguards (NMSS), in collaboration with the regions and the Agreement States, will prepare briefing documents regarding nuclear materials licensees. Headquarters and regional staff will work together to develop the information to be used at the AARM. The staff will distribute the briefing documents to AARM participants in advance of the meeting, as applicable. NRR will assemble this information into the AARM notebook, which will include—

(a) A presentation of nuclear materials licensee(s) with significant performance issues that meet the criteria described in SECY-11-0132, "Revision of the Criteria for Identifying Nuclear Materials Licensees for Discussion at the Agency Action Review Meeting," as appropriate, and

(b) A presentation of the nuclear materials and waste programs' performance and trending analysis.

2. NMSS and the regional offices will limit the performance discussion to those nuclear materials licensees that meet one of the following criteria as described in SECY-11-0132:

(a) The licensee has an event that results in the failure to meet a Strategic Outcome for Safety or Security in the NRC Strategic Plan (NUREG-1614).

(b) The licensee's performance has unique or unusual aspects that required or will likely require additional NRC oversight (e.g., a significant event warranting an incident investigation team or augmented inspection team), and the licensee has an issue or event that results or will likely result in—

(i) An Abnormal Occurrence Report to Congress (in accordance with MD 8.1, "Abnormal Occurrence Reporting Procedure"),

(ii) A Severity Level I or II violation[4] (including equivalent violations dispositioned by Alternative Dispute Resolution), or

(iii) A Level 3 or higher International Nuclear Event Scale Report to the International Atomic Energy Agency (in accordance with MD 5.12, "International Nuclear and Radiological Event Scale (INES) Participation").

(c) The licensee's performance has unique or unusual aspects that required or will likely require additional NRC oversight (e.g., an oversight panel formed for order implementation), and the licensee has or will likely have—

(i) Multiple and/or repetitive significant program issues identified over more than one inspection or inspection period, and

(ii) The issues are supported by a Severity Level I, II, or III violation (including equivalent violations dispositioned by Alternative Dispute Resolution).

(d) The licensee's corrective actions did not address or were ineffective in correcting the underlying issues that were discussed at the previous AARM.

3. The cognizant regional office will prepare a narrative summary of licensee performance for each nuclear materials licensee to be discussed at the AARM.

4. NMSS, in collaboration with the regions and the Agreement States, will prepare an annual report that analyzes the significant nuclear materials issues and adverse licensee performance trends in the nuclear materials and waste programs. The annual report may be referenced for the AARM, but will be included in the AARM notebook provided to the Commission. This process will ensure that trends in industry and licensee performance are recognized and appropriately addressed.

G. AARM Notebook Distribution

1. The AARM notebooks will be distributed to AARM participants in advance of the meeting. The notebooks will be provided to the Commission after the AARM as part of background material for the Commission briefing.

2. The staff ensures that sensitive information used in the AARM and in the notebooks is appropriately controlled based on information security requirements.

3. The staff coordinates with the Office of the General Counsel (OGC) before distribution of the AARM materials to the Commission to ensure conformance to the separation of functions rules in Title 10 of the *Code of Federal Regulations* (10 CFR) 2.348, "Separation of Functions," pertaining to communications related to contested adjudicatory matters.

[4] As defined in the NRC Enforcement Policy.

II. CONDUCT OF THE AGENCY ACTION REVIEW MEETING (AARM) AND COMMISSION BRIEFING

A. General

1. The AARM is part of an integrated evaluative process used by the agency to ensure the operational safety, construction safety, and security performance of nuclear licensees. The AARM includes management reviews according to the objectives as described in Section II of this directive.
2. Since the AARM serves as a forum to review overall industry trends and the effectiveness of the ROP, the cROP, and the nuclear materials and waste programs, the AARM is conducted on an annual basis regardless of whether any individual licensees are scheduled to be discussed.
3. The EDO directs the conduct of the AARM. Participation will vary, depending on the portion of the AARM involved. The attendees typically will include, at varying times, the Deputy Executive Director for Reactor and Preparedness Programs (DEDR); the Deputy Executive Director for Materials, Waste, Research, State, Tribal, Compliance, Administration, and Human Capital (DEDM); the Directors of NMSS, NRO, NRR, Office of Nuclear Security and Incident Response (NSIR), Office of Enforcement (OE), Office of Investigations (OI), Office of Nuclear Regulatory Research (RES), the regional administrators (RAs); and other support personnel, such as OGC, as directed. Participation in each portion of the AARM will be as noted in the relevant sections of this handbook or as determined by the EDO.
4. The AARM is conducted annually and occurs when all necessary inputs from Section I of this handbook are complete. If discussion of classified, Safeguards, or Sensitive Unclassified Non-Safeguards Information is necessary to achieve AARM objectives, a separate, closed session will be conducted among senior NRC managers with a need-to-know. The results of that meeting will be summarized by the EDO or designee during the AARM, ensuring that sensitive content remains undisclosed.
5. Following each AARM, licensees are informed of any NRC decisions or actions that differ from those previously conveyed (if any agency actions change as a result of the senior managers' discussions). The Commission is briefed on the AARM results at a public meeting.

B. Operating Reactor Plant Performance Discussions and Review of Agency Actions

1. The discussions of plant performance are led by the cognizant RA. Plant performance discussions are limited to those plants that meet the criteria outlined in Section I.C of this handbook, "Final AARM Preparations for Operating Reactor Licensees."
2. Primary participants in the plant performance discussion portion of the AARM include the EDO, the DEDR, the Director of NRR, and the RAs. OGC and the Directors of OE, OI, NRO, NSIR, and RES, also may participate if issues relative to their areas of responsibility will be discussed.

3. As noted in IMC 0305, agency actions based on licensee performance are expected to be in accordance with the ROP Action Matrix. The ROP Action Matrix provides for a range of actions for NRC to take to appropriately address plant performance issues. Because actions would be taken on an ongoing basis, the role of the AARM is more informational and confirmatory. The senior managers will review the agency's actions that have been planned or completed to confirm their appropriateness. This step may include discussion of possible improvements or enhancements to the ROP.

4. The staff ensures that safeguards and other sensitive unclassified information is appropriately controlled and not released to the public. Furthermore, attendance of personnel must be controlled as necessary when sensitive information is being discussed, with additional focus on control of Safeguards Information.

5. As a result of AARM discussions, the senior managers may identify additional or alternate actions and/or allocation of agencywide resources. These actions should all be encompassed by and in accordance with the ROP Action Matrix or approved deviations from the Action Matrix. This step may include conducting a special team inspection to ascertain the causes of the performance problems, holding discussions between senior officials of both NRC and the licensee to further enhance the quality of communications, or convening a meeting with the Commission to review plant performance and licensee plans to improve performance.

6. Any or all of the actions discussed in the applicable sections of IMC 0305 are appropriate for plants that are discussed. The objective of these actions is to ensure that the licensee establishes a plan for improvement that incorporates measurable goals to determine when performance has improved. Whether and when to take any one of these actions is a determination that will be made at the NRC's sole discretion. The contents of this handbook and IMC 0305 do not restrict NRC from taking any necessary actions to fulfill its responsibilities under any applicable law.

C. Operating Reactor Oversight Process Self-Assessment

1. The ROP annual self-assessment report is discussed by NRR at the AARM. The ROP self-assessment program is implemented in accordance with IMC 0307, "Reactor Oversight Process Self-Assessment Program." This program is conducted to assess the effectiveness of the ROP and develop recommendations for improvement.

2. NRR prepares a report on an annual basis that includes a ROP self-assessment, analysis of the metrics, and other relevant information. These reports form the basis for discussions during the AARM regarding the ROP self-assessment and will be provided to the Commission. Also, Action Matrix deviations must be discussed at the AARM, and the Commissioners must also be briefed on this evaluation.[5]

3. Participants in the ROP self-assessment portion of the AARM include the EDO; the DEDR; the Directors of NRR, NSIR, RES, and OE; and the RAs. Other office directors may also participate as applicable and at the discretion of the EDO.

[5] As directed in Staff Requirement Memorandum dated May 27, 2004, reference M040504B.

D. Analysis of Operating Reactor Industry Trends

1. The industry trends annual report is discussed by NRR at the AARM. This report is prepared in accordance with IMC 0313 and is intended to ensure that trends in industry and licensee performance are recognized and appropriately addressed. The report will be used as the basis for discussions during the AARM regarding the analysis of industry trends and will be provided to the Commission.

2. Participants in the industry trends portion of the AARM will include the EDO, the DEDR, the Directors of NRR and RES, and the RAs. OGC and the Directors of OE and OI may also participate as applicable and at the discretion of the EDO.

E. Reactor Construction Performance Discussions and Review of Agency Actions

1. The discussions of reactor construction performance are led by the Region II RA. Construction performance discussions are limited to those plants that met the criteria outlined in Section I.E of this handbook, “Final AARM Preparations for Reactor Construction Licensees.”

2. Primary participants in the plant performance discussion portion of the AARM will include the EDO, the DEDR, the Director of NRO, and the RAs. In addition, OGC and the Directors of OE, OI, NRR, NSIR, and RES, may also participate if issues relative to their areas of responsibility will be discussed.

3. As noted in IMC 2505, agency actions based on licensee performance are expected to be in accordance with the cROP Construction Action Matrix. The cROP Construction Action Matrix provides for a range of actions for NRC to take to appropriately address plant performance issues. Because actions would be taken on an ongoing basis, the role of the AARM is more informational and confirmatory. The senior managers will review the agency’s actions that have been planned or completed to confirm their appropriateness. This step may include discussion of possible improvements or enhancements to the cROP.

4. The staff ensures that safeguards and other sensitive unclassified information is appropriately controlled and not released to the public. Furthermore, attendance of personnel must be controlled as necessary when sensitive information is being discussed, with additional focus on control of Safeguards Information.

5. As a result of AARM discussions, the senior managers may identify additional or alternate actions and/or allocation of agencywide resources. These actions should all be encompassed by and in accordance with the cROP Construction Action Matrix or approved deviations from the Construction Action Matrix. This step may include conducting a special team inspection to ascertain the causes of the performance problems, holding discussions between senior officials of both NRC and the licensee to further enhance the quality of communications, or convening a meeting with the Commission to review construction performance and licensee plans to improve performance.

6. Any or all of the actions discussed in the applicable sections of IMC 2505 are appropriate for plants that are discussed. The objective of these actions is to ensure that the licensee establishes a plan for improvement that incorporates measurable

goals to determine when performance has improved. Whether and when to take any one of these actions is a determination that will be made at the NRC's sole discretion. The contents of this handbook and IMC 2505 do not restrict NRC from taking any necessary actions to fulfill its responsibilities under any applicable law.

F. Construction Reactor Oversight Process Self-Assessment

NRO will conduct an annual self-assessment to assess the effectiveness of the cROP, resource utilization, and to develop recommendations for improvement. An annual report will be prepared and used as the basis for discussion during the AARM. This report will be provided to the Commission and made publicly available.

G. Discussion of Materials Facilities, Including Fuel Cycle Facilities

1. The Director of NMSS or the RAs, as directed by the EDO, will lead the discussion of performance for any materials licensees, including categories of licensees that have significant safety, security, or safeguards performance issues. Primary participants in these discussions will include the EDO, the DEDM, the Director of NMSS, and the RAs. In addition, other office directors may participate as appropriate and at the discretion of the EDO.
2. The staff ensures that classified, safeguards, and other sensitive unclassified information is appropriately controlled and not released to the public. Furthermore, attendance of personnel must be controlled as necessary when sensitive information is being discussed, with additional focus on control of Safeguards Information.
3. The senior managers will review the agency's actions that have been planned or completed to confirm their appropriateness. As a result of AARM discussions, the senior managers may recommend additional or alternate actions and/or allocation of agencywide resources.

H. Analysis of Materials Licensee Performance Trends

1. NMSS, in collaboration with the regional offices and the Agreement States, will analyze the nuclear materials licensee performance trends. Data for this trending analysis will be obtained from operating experience associated with reportable events and generic issues affecting the industry.
2. The data will be compiled and examined for any significant trends in performance, particularly adverse trends. If any statistically significant trends[6] are identified, NRC will conduct further examination of the data to determine what, if any, actions may be appropriate.
3. A report will be prepared on an annual basis that includes the analysis of the nuclear materials licensee performance trends. This report will be used as the basis for discussion during the AARM regarding the analysis of performance trends. This report will be provided to the Commission and made publicly available.

[6] As defined in IMC 0313 Appendix C, "Long-Term Trending."

I. Correspondence Following the AARM

1. In addition to the annual assessment letters to power reactor licensees, regional offices will issue separate letters to those reactor plants discussed during the AARM if any agency actions change as a result of the senior managers' discussions. These letters are issued within 1 week following completion of the AARM, and at least 2 weeks before the Commission briefing. For materials licensees, the agency will evaluate the need to issue a letter to individual licensees or categories of licensees on a case-by-case basis.

2. For Agreement State licensees, regional offices will consult on a case-by-case basis with the Agreement State Radiation Control Program Director when evaluating the need to issue a letter to individual licensees or categories of licensees.

3. Meeting minutes that summarize the key discussions and conclusions from the AARM are issued by the EDO. The AARM meeting minutes will be provided to the Commission as part of the briefing background material. The staff will coordinate with OGC on potential separation of functions issues before such distribution.

J. Commission Briefing

1. The staff will brief the Commission on the AARM results at a public meeting, approximately 4 to 6 weeks following completion of the AARM. The staff delivering the briefing will typically include the EDO and the appropriate office directors or RAs, as directed by the EDO. The staff will consult with OGC to ensure the briefing is consistent with the NRC's separation of functions rules in 10 CFR 2.348.

2. The public briefing will include discussions of those plants and nuclear materials licensees that have significant performance problems and that were discussed during the AARM, if applicable. The staff's briefing will also include discussions of the results of the staff's self-assessment of the ROP and cROP, including lessons learned and recommended policy adjustments, changes to the ROP and/or the cROP as a result of evaluating Action Matrix deviations, and an analysis of reactor and materials industry performance trends.

3. A separate public meeting or session between the Commission and the licensee may be convened for reactor and nuclear materials licensees that are discussed at the AARM Commission meeting, if deemed appropriate by the EDO or the Commission. These licensees should present their plans for improving performance at their facilities.[7] The chief nuclear officer of a licensee of a new "multiple/repetitive degraded cornerstone" column plant will typically be invited to brief the Commission on the activities the licensee will be taking to improve the operation of the unit within 6 months of entering into the "multiple/repetitive degraded cornerstone" column. Similarly, the chief nuclear officer of a licensee of a new "multiple/repetitive degraded cornerstone" column plant under construction will typically, within 6 months of entering into the "multiple/repetitive degraded cornerstone" column, will be invited to

[7] Staff Requirements Memorandum dated June 30, 2005, reference M050525B, and Staff Requirements Memorandum COMSECY-07-0005, "Discussion of Plants in the Multiple/Repetitive Degraded Cornerstone Column of the Reactor Oversight Process Action Matrix."

brief the Commission on the activities the licensee will be taking to improve the construction of the unit(s). The time of the meeting will be based on a determination by the Commission informed by a recommendation from the EDO. In addition, any reactor licensee that remains in the "degraded cornerstone" column for 3 or more years should be invited to meet with the Commission.[8]

4. Information regarding licensee performance that is not publicly available will not be discussed at the public meeting. As necessary, the Commissioners will be briefed on non-public/sensitive discussion topics from the AARM in a separate non-public meeting.

[8] The Commission will then evaluate the need for subsequent briefings by the licensee with senior agency management after the AARM.