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Ms. Marissa Bailey
Director, Division of Security Operations
Office of Nuclear Security and Incident Response
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

Subject: Updated Industry Input on Options Being Considered for Force-on-Force Exercise Inspections

References: Handout from the Public Meeting Conducted on July 12, 2017, *Potential Options for Force-on-Force Inspection Procedure*

Project Number: 689

Dear Ms. Bailey:

The Nuclear Energy Institute (NEI)¹ and the industry appreciates the opportunity to discuss the options under evaluation by the staff for revising the Force-on-Force (FOF) exercise inspection program during the public meeting held on July 12, 2017. As a follow-up to our conversation in the meeting, this letter provides input concerning the industry's preferred option, Option #3, *One NRC Conducted FOF Exercise + Evaluate a Licensee Exercise*. As discussed, the information below may be helpful to the staff as they assess the merits of Option #3.

We believe the approach presented in Option #3 is warranted given the present state of the FOF exercise inspection program. Licensees have been conducting NRC-observed FOF exercises since 2005. In the intervening 12 years, licensee protective strategies have been subjected to numerous and evermore challenging tests involving a wide range of attack modalities, vectors and tactics. Given the mature state of licensee protective strategies,² the time is ripe for the staff to consider a new inspection approach. We believe Option #3 will drive continued improvement in licensee physical security capabilities because the NRC will

¹ The Nuclear Energy Institute (NEI) is the organization responsible for establishing unified industry policy on matters affecting the nuclear energy industry, including the regulatory aspects of generic operational and technical issues. NEI's members include all entities licensed to operate commercial nuclear power plants in the United States, nuclear plant designers, major architect/engineering firms, fuel cycle facilities, nuclear materials licensees, and other organizations and entities involved in the nuclear energy industry.

² The industry believes that the results of the two most recent FOF exercise inspection cycles (involving over 130 exercises) demonstrates the robustness of licensee protective strategies in that a complete target set was compromised in only a few instances. It is acknowledged that several exercises were evaluated as "indeterminate;" however, this conclusion was typically reached as a result of an exercise control or simulation issue, and did not call into question the effectiveness of the site protective strategy.

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have an additional opportunity to inspect licensee-conducted FOF exercises, a key component of the performance evaluation program required by 10 CFR 73.55(b)(6).

As discussed in the recent meeting, we believe the revised FOF inspection process needs to be flexible with respect to the scheduling of the licensee-conducted (second) FOF exercise. The process should accommodate the different approaches used by licensees to schedule their internal FOF exercises (e.g., conducted all in one calendar quarter or spaced throughout the year) and potential delays or cancellations due to severe weather. Further, a licensee should be free to schedule their NRC-inspected FOF exercise during the same week as the NRC-conducted FOF exercise.

Option #3 also presents opportunities to gain efficiencies in the staffing of the Composite Adversary Force (CAF) for the NRC-conducted FOF exercise. Conducting one exercise will reduce the demand for CAF staffing and, for a licensee, lower personnel and travel-related costs. In addition, with only one mission to plan for and execute, it should be possible to bring in the CAF Director during the pre-exercise (planning) week and the rest of the CAF team as currently scheduled. The extended CAF team deployment, an enhancement identified under Option #1, would not be needed with Option #3 since the licensee would be conducting the second exercise.

Given our current understanding of Option #3, we anticipate that only minor changes may be needed to the FOF-related Significance Determination Process (SDP). The changes would allow recognition of the results of the licensee's FOF exercise as the "2nd input" into an SDP evaluation. The industry is willing to participate in another closed meeting if necessary to discuss this topic and ensure alignment.

Finally, we suggest that the staff assess an option for ultimately allowing licensees to prepare and conduct FOF exercises as a replacement for the NRC-conducted FOF exercises. In general, this approach would be similar to the current NRC process for inspecting emergency preparedness exercises. The industry could prepare and submit a detailed proposal for this option but needs to be notified of an affirming legal analysis by the NRC Office of the General Counsel before to undertaking the effort.

Questions concerning the input discussed in this letter should be directed to Mr. David Young (202-739-8127 or dly@nei.org).

Sincerely,



Susan Perkins-Grew

c: Mr. Clay Johnson, NSIR/DSO/SPEB, NRC
NRC Document Control Desk