UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

November 27, 2018

MEMORANDUM TO: Mohammed Shuaibi, Deputy Director
Division of Reactor Safety, Region III

FROM: Eric Thomas, Senior Reactor Systems Engineer ***/RA/***
Operating Experience Branch
Division of Inspection and Regional Support
Office of Nuclear Reactor Regulation

SUBJECT: SUMMARY OF NUCLEAR REGULATORY COMMISSION PUBLIC MEETING ON NOVEMBER 1, 2018, TO DISCUSS THE LICENSEE SELF-ASSESSMENT PROCESS FOR FOCUSED ENGINEERING INSPECTIONS

On November 1, 2018, NRC management and staff conducted a category 2 public meeting to discuss the Nuclear Energy Institute's (NEI's) proposal in NEI 18-07 to allow licensees to use a self-assessment in place of an NRC focused engineering inspection.

Enclosure 1 contains the meeting attendance list

NOTE: The terms 'licensee self-assessment' and 'licensee performance assessment' are used interchangeably throughout this document

Purpose

The purpose of the meeting was to discuss and if necessary clarify the questions generated by NRC staff in response to Draft NEI 18-07, "Licensee Performance Assessments – Methodology for Licensee Identification of Latent Design Issues."

Background

In March 2017, NRC staff formed the Engineering Inspection Working Group (EIWG) to improve the effectiveness and efficiency of the NRC's engineering inspections under the Reactor Oversight Process (ROP). The EIWG issued its final report on May 24, 2018. The report can be found in NRC's Agencywide Document Access and Management System (ADAMS) accession no. ML18103A174.

CONTACT: Eric Thomas, NRR/DIRS/IRIB
301-415-6772
Eric.thomas@nrc.gov

During their work, the EIWG held four public meetings with NEI, industry representatives, and public stakeholders. During the last 2 meetings, the possibility of allowing licensees to perform self-assessments in place of one of their engineering inspections was discussed. NRC staff mentioned licensee self-assessments in the EIWG final report, indicating that they were open to discussing the issue further with industry and the public. At the time the final report was issued, NEI had not yet issued draft NEI 18-07.

Industry Activities

On June 13, 2018, NEI issued Draft NEI 18-07 (ADAMS ML18165A068), which provides the purpose, definitions, and process for conducting licensee self-assessments. Staff from NRC Headquarters and Regional Offices reviewed the draft guidance and developed questions and comments (ADAMS ML18302A191) comparing industry's proposal to NRC's Principles of Good Regulation. NRC staff provided its questions and comments to NEI and the public prior to the November 1, 2018, public meeting, in order to facilitate discussion at the meeting.

Meeting Summary

Participants reviewed each of the questions and comments that NRC distributed before the meeting (ADAMS ML18302A191). The discussion covered NRC's concerns over maintaining independence and openness, and the expected levels of inspector involvement in licensee performance assessments including the assessment plan, reviewing activities, and determining enforcement of any issues identified. Members of the public had the opportunity to comment on the self-assessment process. The meeting ended with a short discussion of how to carry out project demonstrations of industry' proposed process in NEI 18-07.

Industry representatives made the following points during the meeting:

1. NRC's reactor oversight process (ROP) relies on licensees maintaining robust corrective action programs which have matured over the years (along with the ROP).
2. Industry already performs self-assessments well in several areas. Their goals are to decrease costs, increase efficiency, and either maintain current levels of safety or increase safety. A potential way that self-assessments could increase safety would be to make industry better at identifying deficiencies and fixing their own problems.
3. The licensee performance assessment process outlined in NEI 18-07 is neither an inspection nor is it "independent." There will be a level of bias as some assessors are associated with the plant/system being looked at. During a self-assessment, however, a subject matter expert will take a 'vertical' look at a system as opposed to the 'horizontal' look they do on a day-to-day basis. Part of this process also involves going back in time to evaluate performance history using tools such as the corrective action program. Independence is built into the process by including team members from outside the plant, having independent members on the challenge board, involving an executive sponsor in several aspects of the licensee performance assessment, and the design of the challenge board itself (i.e., to ensure accountability of the licensee performance assessment team).

4. Industry recognized NRC's desire to be appropriately involved in the self-assessment process, but they also had some reservations that excessive NRC involvement could limit their cost savings and efficiency gains. They indicated a willingness to make modifications to the section of NEI 18-07 that deals with NRC engagement.
5. Industry representatives offered some methods by which the NRC could evaluate the effectiveness of a self-assessment. They recommended at a minimum a checklist that NRC inspectors could use to ensure a licensee meets the requirements for a self-assessment. Additionally, industry mentioned that the NRC has other tools at its disposal to address a case where the licensee meets the minimum requirements for self-assessment credit (e.g. checklist), but is found lacking in one or more other areas.
6. NRC and industry discussed which parts of a licensee performance assessment should be docketed, and to what extent a performance assessment should encompass the scope and detail of the NRC focused engineering inspection that it is replacing. Industry was not opposed to either of these ideas, but did ask for time to consider the implications of making such commitments.
7. On the subject of conducting certain aspects of licensee performance assessments as public meetings, industry expressed a willingness to conducting their final briefings as reverse exit meetings. Industry was also open to the idea of discussing the results of project demonstrations during public meetings.
8. Industry indicated that regulatory enforcement decisions for any performance issues discovered during a self-assessment would be the responsibility of the NRC. NRC inspectors would be made aware of corrective action program entries and conditions adverse to quality identified by the licensee team, and would also have an opportunity to comment on the licensee's disposition of issues.
9. There was a discussion of the importance of communicating the proposed schedules for self-assessments the same way inspection schedules are communicated, and to do so with NRC regional management.
10. Industry mentioned that effective use of the corrective action program would help ensure that latent conditions, older design issues, and maintenance-induced problems are all identified in the self-assessment process.
11. Industry acknowledged that training for self-assessment teams is not yet consistent across industry, and that training aids such as computer-based training modules have not yet been developed. They also acknowledged a need for self-assessment team members to have some level of familiarity with identifying regulatory non-compliance, the plant's current licensing basis, and the plant's design basis.
12. Project demonstrations will be used by industry to get important feedback on the self-assessment program. The goal is to have two or more plants volunteer to perform the project demonstrations. Industry representatives expressed concern over two main factors associated with project demonstrations. The first concern is related to scheduling. In order to get a plant to commit to a project demonstration, they would need approximately nine months of lead time so that they can plan for the self-assessment project demonstration in lieu of an NRC inspection. The second concern is whether a plant will get credit for the associated NRC inspection if they volunteer for the project demonstration. There was additional discussion of which inspection modules should be used for the project demonstrations. Industry stressed

that using ‘low risk’ existing inspection modules would make it easier to focus on the effectiveness of the self-assessment process.

NRC staff made the following main points during the meeting:

1. NRC staff questioned what NRC inspectors’ expected level of involvement would be during self-assessments. They felt that more engagement (and feedback) by the NRC inspectors may be appropriate in order to ensure that any observations or concerns with the self-assessment are brought forth to appropriate licensee personnel in a timely manner.
2. NRC staff questioned the ability of a subject matter expert from the same site to adequately and objectively evaluate performance of their own area of responsibility. They also inquired about whether the licensee performance assessment manager should be independent from the specific area being assessed. The conversation was intended to consider some balance (i.e., appropriate level of independence) to offset the loss of independence that results from not having an NRC inspection.
3. NRC staff and industry discussed potential options to determine whether a self-assessment is successful, and follow-up actions that could be directed to address any shortcomings. The staff also stressed the need for a “regulatory off-ramp” discussion in NEI 18-07 that would come in to play if a self-assessment is determined to be inadequate.
4. The staff questioned whether documents such as the licensee performance assessment plan and performance assessment report should be docketed by the licensee.
5. NRC staff pointed out that the licensee’s self-assessment should include all required portions of the focused engineering inspection procedure that it is replacing. Sample selections should meet the minimum sample size, and NRC staff should have the opportunity to choose half of the samples.
6. NRC staff reiterated its desire to make some of the briefings and meetings associated with self-assessments available to the public.
7. The staff generally agreed with industry’s plan to put any performance issues identified during self-assessments into the corrective action plan, and to notify NRC inspectors of any conditions adverse to quality so that the NRC could properly disposition them using its enforcement program.
8. For scheduling self-assessments, the NRC agreed that discussing schedules in mid and end-of-cycle assessment letters would provide the proper lead time to effectively schedule these evolutions.
9. The staff reiterated its concerns over whether licensee staff performing self-assessments would be properly trained to review performance consistent with how an NRC inspector would do so. They mentioned that NRC inspectors underwent specific training prior to the current cycle of engineering team inspections, and questioned the general level of training at each site.
10. NRC staff stressed the importance of licensee self-assessment teams reviewing performance for a sufficient time period. NEI 18-07 mentions a 3-year timeframe for data relevance. The NRC cautioned against putting a timeframe in NEI 18-07 since most engineering topics require looking back over a longer timeframe. NRC recommended that licensee staff should reference the associated NRC focused

engineering inspection procedure for guidance in determining an appropriate timeframe for data relevance.

11. In the discussion of project demonstrations, NRC staff asked industry representatives how critical it would be for the plants participating in the project demonstrations to receive credit for the associated engineering inspection. They discussed options for NRC follow-up if the decision were made to not give inspection credit.
12. The staff also discussed with industry the possibility that licensee performance assessments may not begin at the same time as the new engineering inspection program (currently scheduled for 2020).

Public Comments

There was one public comment:

Dr. Edwin Lyman (Union of Concerned Scientists [UCS]) stated that he was taking over UCS's involvement in this project for Mr. David Lochbaum. He thought NRC was asking the right questions, such as questioning how independence is maintained when industry is assessing itself. Dr Lyman appreciated the discussion of allowing the public to access safety findings resulting from self-assessments, and NRC's focus on transparency. He asked that NRC continue to keep the public informed of what is going on and maintain its statutory authority amid any changes that occur.

Meeting Close

NEI indicated that they would reach out to non-NEI members to share the meeting results. They intend to respond to this meeting with either a letter or a revision to NEI 18-07.

Industry is transitioning to a more engineering-focused team to manage this project going forward.

All parties agreed to have another public meeting tentatively in January 2019.

Enclosure:
Attendance List

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ADAMS Accession Nos: ML18317A380 (*email concurrence)

OFFICE	NRR/DIRS/IOEB	RIII/DRS
NAME	EThomas	MShuaibi
DATE	11/14/18	11/27/18*

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Meeting Attendance List:

Eric Bowman	NRC
Larry Burkhardt	NRC
Stephen Campbell	NRC
Jorge Corujo-Sandin	NRC
Mike Farnan	NRC
David Garmon	NRC
Tony Gody	NRC
Mel Gray	NRC
Mike Greenleaf	NRC
Jeremy Groom	NRC
Tom Hipschman	NRC
Jim Isom	NRC
Mike Jones	NRC
Mike King	NRC
Rob Krsek	NRC
Mike Marshfield	NRC
Bill Orders	NRC
Mohammed Shuaibi	NRC
Karla Stoedter	NRC
Eric Thomas	NRC
Greg Werner	NRC

Philip Couture	Entergy
Dan Churchman	Southern Co.
Joseph Donahue	Duke
Steven Gauley	Platts
Greg Halnon	FENOC
Edwin Lyman	Union of Concerned Scientists
Everett (Chip) Perkins	Certrec
Deann Raleigh	Curtiss Wright
Terry Reis	Southern Co.
Christopher Reidl	TVA
Mike Schoppman	Certrec
James Slider	NEI
Maggie Staiger	NEI
Lance Sterling	South Texas Project
Calvin Taylor	Exelon
Tony Zimmerman	Duke

Enclosure