



UNITED STATES
NUCLEAR REGULATORY COMMISSION
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MEMORANDUM TO: Michael F. King, Director
Division of Fuel Cycle Safety, Safeguards,
and Environmental Review
Office of Nuclear Material Safety
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SUBJECT: SUMMARY OF APRIL 2, 2019, MEETING WITH THE INDUSTRY
AND STAKEHOLDERS TO DISCUSS FUEL CYCLE REGULATORY
ACTIVITIES AND CUMULATIVE EFFECTS OF REGULATION

The staff of the U.S. Nuclear Regulatory Commission (NRC) met with representatives of the Nuclear Energy Institute (NEI), fuel cycle industry, and members of the public on April 2, 2019, in Rockville, Maryland. The purpose of this Category 2 public meeting was to discuss the status of several initiatives involving the fuel cycle industry. The NRC staff presented updates on the Cumulative Effects of Regulation (CER) Integrated Schedule; Division of Fuel Cycle Safety, Safeguards, and Environmental Review (FCSE) Fiscal Year (FY) 2019 priorities; initiatives to enhance the fuel cycle licensing and inspection program; Region II, Division of Fuel Facility Inspection (DFFI) activities; and FCSE budget development and execution. The meeting announcement and agenda is available in the Agencywide Documents Access and Management System (ADAMS) under Accession Number ML19081A005. The ADAMS Accession Numbers for the presentations (if provided), attendees list, and the fuel cycle integrated schedule and its supplement are enclosed. No regulatory decisions or commitments were made during the meeting.

Cumulative Effects of Regulation

The NRC staff provided updates to the rulemaking and regulatory activities listed on the Integrated Schedule of Regulatory Activities for Fuel Cycle and Supplement. Industry and NEI were informed that the Commission directed the staff to resume rulemaking activities for Title 10

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Code of Federal Regulations (10 CFR), Part 73, "Enhanced Security of Special Nuclear Material." This rulemaking will update special nuclear material physical protection requirements, including those applicable to fuel cycle facilities. The NRC published the draft regulatory basis on March 1, 2019 in the *Federal Register* (84 FR 6980) for public comment. Public comments on the draft regulatory basis closed on April 19, 2019.

The staff informed meeting attendees about the issuance of Regulatory Issue Summary (RIS) 2019-01, "Clarification of Export Reporting Requirements for Nuclear Facilities, Equipment, and Non-Nuclear Material." The purpose of this RIS is to clarify reporting requirements for exports of nuclear materials, equipment, and nonnuclear materials under 10 CFR Part 110, "Export and Import of Nuclear Equipment and Material," specifically the requirements under 10 CFR 110.54(a)(1). RIS 2019-01 can be found at ADAMS Accession Number ML18269A254. This item will be removed from the integrated schedule in the next update. The staff posted the integrated schedule and supplement on the public website available at <http://www.nrc.gov/materials/fuelcycle-fac/regs-guides-comm.html#cumeffects>.

FCSE FY 2019 Priorities

For FY 2019, FCSE continues to risk-inform regulatory activities, as well as continuing to improve the effectiveness and efficiency of its programs and processes. Recently, FCSE conducted a comprehensive review and update to the FCSE Licensing Review Handbook. The handbook provides guidance to the staff for completing various licensing-related actions and activities. As part of this update, the staff implemented recommendations from a self-assessment conducted for the development of Safety Evaluation Reports. The staff also performed a self-assessment of the processes and tools for managing resources expended on non-fee billable work performed by NRC staff. Also for licensing decisions, the staff is evaluating alternative approaches to scale the scope of staff review and level of detail needed from an applicant, while maintaining consistency with NRC regulations and the overall standard of reasonable assurance of adequate protection.

Additionally, the staff is evaluating the existing suite of safety and safeguards inspections to identify potential enhancements to make the programs more performance-based and risk-informed. Operating experience and enforcement data are being reviewed to determine whether the staff is applying the appropriate focus on areas with demonstrated performance problems as well as areas that provide the greatest safety benefit. In conclusion, FCSE is focused on building smarter strategies to ensure the safety and security of fuel facilities through effective licensing and oversight. This involves implementing strategies to better risk-inform the licensing and inspection program and continuing to modernize decision-making.

Fuel Cycle Facilities Licensing and Inspection Program Enhancements

The staff is initiating two separate working groups to conduct a holistic assessment of fuel cycle licensing and inspection program. These are new initiatives in which the purpose is to identify and pilot improvements for the fuel cycle facilities licensing and inspection programs with the intent to increase effectiveness and efficiency in the licensing and inspection programs. The working group will look for areas of transformation and innovation in the fuel cycle licensing and inspection programs while adhering to the key principles that guide the manner in which the agency conducts its work and make decisions, particularly with respect to the concept of reasonable assurance of adequate protection.

Draft working group charters for both initiatives were prepared and released publicly in support of the meeting. The intent of releasing these draft charters was to solicit stakeholder feedback on the purpose, tasking, and proposed project plan. Throughout the projects NRC staff will solicit and assess feedback from stakeholders regarding draft assessment results and proposed

enhancements to the licensing and inspection programs via periodic public meetings. The licensing and inspection programs enhancement working groups milestones will be added to the next update of CER integrated schedule.

Region II/DFFI Update

The NRC staff provided an update on recent fuel cycle facilities inspection program changes. Recently, the staff revised plant modification inspection procedures to ensure that the effects of multiple plant modifications are considered in inspection planning. An extensive review into the licensees' configuration management system for plant modifications or plant modifications programs will be performed triennially to ensure that safety-related systems and components can adequately perform their intended safety function and that system changes have not adversely impacted plant safety and operability. The first of these inspections will be performed this year.

The NRC staff also discussed changes to the Licensee Performance Reviews. The NRC will no longer conduct formal reviews of facilities at the mid-point of the assessment cycle. The NRC will still maintain the ability to conduct Program Adjustment Reviews on an ad hoc basis. The staff is also piloting public meeting poster sessions in lieu of the typical public meeting. The poster meeting sessions will begin with brief opening remarks by the NRC and then transition into prearranged posters addressing the oversight process and some site specific issues. The public will be encouraged to interact on an individual basis with inspectors to discuss relevant topics. This is an effort to create a more inviting environment to interact with stakeholders.

FCSE Budget Development and Execution

The FCSE Director provided high level budget planning assumptions and workload drivers used as part of the FY 2021 budget formulation. These inputs include:

- Complex licensing reviews for current facilities regarding Accident Tolerant Fuels, high burnup fuels for existing power reactors, and high assay low enriched uranium for advanced reactors;
- Potential license applications for a new fuel fabrication facility and fuel fabrication facilities that manufacture advanced fuels;
- License renewal for three greater than critical mass licensees; and
- Potential new license applications for two greater than critical mass licensees.

Also provided was an overview of significant activities conducted on a routine basis which are necessary to support the fuel facilities business line activities. Additional significant activities that support key transformation and strategic initiatives were highlighted. One of the key initiatives includes a project focused on improving the visibility of and internal controls for non-fee billable activities for the business line.

Although FCSE does not expect any major license applications for new facilities until FY 2021, FCSE continues to support the agency's effort to engage with the Department of Energy and industry to ensure readiness for future reviews of new fuel types for existing and advanced reactors. The FCSE Director emphasized the importance of communication from stakeholders. Frequent and early communications of future plans allows FCSE to create a more accurate budget, ensure we have the required technical skills, and allocate sufficient supporting resources when and where needed.

Enclosures:

1. Fuel Cycle Integrated Schedule of Regulatory Activities Supporting CER (ML19080A333)
2. Supplement to Fuel Cycle Program Integrated Schedule (ML19080A334)

3. Cumulative Effects of Regulation Presentation (ML19091A269)
4. Building a Smarter Fuel Cycle Inspection Program Presentation (ML19091A011)
5. Building a Smarter Fuel Cycle Licensing Program Presentation (ML19091A051)
6. Draft Working Group Charter for Licensing Enhancements (ML19085A332)
7. Draft Working Group Charter for Inspection Enhancements (ML19074A151)
8. List of Attendees (ML19105B149)

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