

**NUCLEAR REGULATORY COMMISSION**

[Docket No. 50-293; NRC-2019-0244]

**Holtec Pilgrim, LLC**

**Holtec Decommissioning International, LLC**

**Pilgrim Nuclear Power Station**

**AGENCY:** Nuclear Regulatory Commission.

**ACTION:** Exemption; issuance.

**SUMMARY:** The U.S. Nuclear Regulatory Commission (NRC) has issued an exemption in response to a request from the licensee that would permit Holtec Pilgrim, LLC and Holtec Decommissioning International, LLC to reduce the minimum coverage limit for onsite property damage insurance from \$1.06 billion to \$50 million for Pilgrim Nuclear Power Station.

**DATES:** The exemption was issued on January 6, 2020.

**ADDRESSES:** Please refer to Docket ID **NRC-2019-0244** when contacting the NRC about the availability of information regarding this document. You may obtain publicly-available information related to this document using any of the following methods:

- **Federal Rulemaking Web Site:** Go to <https://www.regulations.gov> and search for Docket ID **NRC-2019-0244**. Address questions about NRC docket IDs in Regulations.gov to Jennifer Borges; telephone: 301-287-9127; e-mail:

[Jennifer.Borges@nrc.gov](mailto:Jennifer.Borges@nrc.gov). For technical questions, contact the individual listed in the FOR FURTHER INFORMATION CONTACT section of this document.

- **NRC's Agencywide Documents Access and Management System**

**(ADAMS):** You may obtain publicly-available documents online in the ADAMS Public

Documents collection at <https://www.nrc.gov/reading-rm/adams.html>. To begin the search, select "[Begin Web-based ADAMS Search](#)." For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1-800-397-4209, 301-415-4737, or by e-mail to [pdr.resource@nrc.gov](mailto:pdr.resource@nrc.gov). The ADAMS accession number for each document referenced (if it is available in ADAMS) is provided the first time that it is mentioned in this document.

- **NRC's PDR:** You may examine and purchase copies of public documents at the NRC's PDR, Room O1-F21, One White Flint North, 11555 Rockville Pike, Rockville, Maryland 20852.

**FOR FURTHER INFORMATION CONTACT:** Scott Wall, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington DC 20555-0001; telephone: 301-415-2855, e-mail: [Scott.Wall@nrc.gov](mailto:Scott.Wall@nrc.gov).

**SUPPLEMENTARY INFORMATION:** The text of the exemption is attached.

Dated at Rockville, Maryland, this 9<sup>th</sup> day of January, 2020.

For the Nuclear Regulatory Commission.

*/RA/*

Scott P. Wall, Senior Project Manager,  
Plant Licensing Branch III,  
Division of Operating Reactor Licensing,  
Office of Nuclear Reactor Regulation.

## **Attachment – Exemption**

### **NUCLEAR REGULATORY COMMISSION**

**Docket No. 50-293**

**Holtec Pilgrim, LLC**

**Holtec Decommissioning International, LLC**

**Pilgrim Nuclear Power Station**

**Exemption**

#### **I. Background.**

By letter dated November 10, 2015 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML15328A053), Entergy Nuclear Operations, Inc. (ENOI) certified to the U.S. Nuclear Regulatory Commission (NRC) that it planned to permanently cease power operations at Pilgrim Nuclear Power Station (Pilgrim) no later than June 1, 2019. On May 31, 2019, ENOI permanently ceased power operations at Pilgrim. By letter dated June 10, 2019 (ADAMS Accession No. ML19161A033), ENOI certified to the NRC that the fuel was permanently removed from the Pilgrim reactor vessel and placed in the spent fuel pool (SFP) on June 9, 2019. Accordingly, pursuant to Title 10 of the Code of Federal Regulations (10 CFR) Section 50.82(a)(2), the Pilgrim renewed facility operating license no longer authorizes operation of the reactor or emplacement or retention of fuel in the reactor vessel. The facility is still authorized to possess and store irradiated (i.e., spent) nuclear fuel. Spent fuel is currently stored onsite at the Pilgrim facility in the SFP and in a dry cask independent spent fuel storage installation (ISFSI).

## **II. Request/Action.**

By letter dated March 25, 2019 (ADAMS Accession No. ML19088A050), as supplemented by letter dated July 30, 2019 (ADAMS Accession No. ML19211B509), ENOI requested an exemption from 10 CFR 50.54(w)(1) concerning onsite liability insurance. The exemption from 10 CFR 50.54(w)(1) would permit the licensee to reduce the required level of onsite property damage insurance from \$1.06 billion to \$50 million for Pilgrim.

By letter dated November 16, 2018 (ADAMS Accession No. ML18320A031), ENOI, on behalf of itself and Entergy Nuclear Generation Company (ENGCO) (to be known as Holtec Pilgrim, LLC), Holtec International (Holtec), and Holtec Decommissioning International, LLC (HDI, the licensee) (together, Applicants), requested that the NRC consent to: (1) the indirect transfer of control of Renewed Facility Operating License No. DPR-35 for Pilgrim, as well as the general license for the Pilgrim ISFSI (together, the Licenses), to Holtec; and (2) the direct transfer of ENOI's operating authority (i.e., its authority to conduct licensed activities at Pilgrim) to HDI. In addition, the Applicants requested that the NRC approve a conforming administrative amendment to the Licenses to reflect the proposed direct transfer of the Licenses from ENOI to HDI; a planned name change for ENGCO from ENGCO to Holtec Pilgrim, LLC; and deletion of certain license conditions to reflect satisfaction and termination of all ENGCO obligations after the license transfer and equity sale.

By Order dated August 22, 2019 (ADAMS Accession No. ML19170A265), the NRC staff approved the direct and indirect transfers requested in the November 16, 2018 application. Additionally, on August 22, 2019, HDI informed the NRC (ADAMS Accession No. ML19234A357) that:

HDI will assume responsibility for all ongoing NRC regulatory actions and reviews currently underway for Pilgrim Nuclear Power Station. HDI respectfully requests NRC continuation of these regulatory actions and reviews.

On August 26, 2019, ENOI informed the NRC that the license transfer transaction closed on August 26, 2019 (ADAMS Accession No. ML19239A037). On August 27, 2019 (ADAMS Accession No. ML19235A050), the NRC staff issued Amendment No. 249 to reflect the license transfer. Accordingly, HDI is now the licensee for decommissioning operations at Pilgrim.

The regulation at 10 CFR 50.54(w)(1) requires each licensee to have and maintain onsite property damage insurance to stabilize and decontaminate the reactor and reactor site in the event of an accident. The onsite insurance coverage must be either \$1.06 billion or whatever amount of insurance is generally available from private sources (whichever is less).

The licensee states that the risk of an incident at a permanently shutdown and defueled reactor is much less than the risk from an operating power reactor. In addition, since reactor operation is no longer authorized at Pilgrim, there are no events that would require the stabilization of reactor conditions after an accident. Similarly, the risk of an accident that would result in significant onsite contamination at Pilgrim is also much lower than the risk of such an event at operating reactors. Therefore, the licensee requested an exemption from 10 CFR 50.54(w)(1) to reduce its onsite property damage insurance from \$1.06 billion to \$50 million, commensurate with the reduced risk of an incident at the permanently shutdown and defueled Pilgrim site.

### **III. Discussion.**

Under 10 CFR 50.12, the Commission may, upon application by any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR part 50 when (1) the exemptions are authorized by law, will not present an undue risk to public health or safety, and are consistent with the common defense and security; and (2) any of the special circumstances listed in 10 CFR 50.12(a)(2) are present.

The financial protection limits of 10 CFR 50.54(w)(1) were established after the Three Mile Island accident out of concern that licensees may be unable to financially cover onsite cleanup costs in the event of a major nuclear accident. The specified \$1.06 billion coverage amount requirement was developed based on an analysis of an accident at a nuclear reactor operating at power resulting in a large fission product release and requiring significant resource expenditures to stabilize the reactor and ultimately decontaminate and cleanup the site.

These cost estimates were developed based on the spectrum of postulated accidents for an operating nuclear reactor. Those costs were derived from the consequences of a release of radioactive material from the reactor. Although the risk of an accident at an operating reactor is very low, the consequences onsite and offsite can be significant. In an operating plant, the high temperature and pressure of the reactor coolant system (RCS), as well as the inventory of relatively short-lived radionuclides, contribute to both the risk and consequences of an accident. With the permanent cessation of reactor operations at Pilgrim and the permanent removal of the fuel from the reactor vessel, such accidents are no longer possible. As a result, the reactor vessel, RCS, and supporting systems no longer operate and have no function related to the storage of the irradiated fuel. Therefore, postulated accidents involving failure or malfunction of the reactor, RCS, or supporting systems are no longer applicable.

During reactor decommissioning, the largest radiological risks are associated with the storage of spent fuel onsite. In the exemption request dated March 25, 2019, as supplemented by letter dated July 30, 2019, the licensee discussed both design-basis and beyond design-basis events involving irradiated fuel stored in the SFP. The licensee determined that there are no possible design-basis events at Pilgrim that could result in an offsite radiological release exceeding the limits established by the U.S. Environmental Protection Agency's (EPA) early phase Protective Action Guides (PAGs) of 1 roentgen equivalent man (rem) at the exclusion area boundary, as a way to demonstrate that any possible radiological releases would be minimal and would not require precautionary protective actions (e.g., sheltering in place or evacuation). The NRC staff evaluated the radiological consequences associated with various decommissioning activities and the design-basis accidents at Pilgrim, in consideration of a permanently shutdown and defueled condition. The possible design-basis accident scenarios at Pilgrim have greatly reduced radiological consequences. Based on its review, the NRC staff concluded that no reasonably conceivable design-basis accident exists that could cause an offsite release greater than the EPA PAGs.

The only incident that might lead to a significant radiological release at a decommissioning reactor is a zirconium fire. The zirconium fire scenario is a postulated, but highly unlikely, beyond design-basis accident scenario that involves loss of water inventory from the SFP resulting in a significant heatup of the spent fuel, and culminating in substantial zirconium cladding oxidation and fuel damage. The probability of a zirconium fire scenario is related to the decay heat of the irradiated fuel stored in the SFP. Therefore, the risks from a zirconium fire scenario continue to decrease as a function of the time since Pilgrim has been permanently shut down.

The Commission has previously authorized a lesser amount of onsite financial protection, based on this analysis of the zirconium fire risk. In SECY-96-256, "Changes to Financial Protection Requirements for Permanently Shutdown Nuclear Power Reactors, 10 CFR 50.54(w) and 10 CFR 140.11," dated December 17, 1996 (ADAMS Accession No. ML15062A483), the NRC staff recommended changes to the power reactor financial protection regulations that would allow licensees to lower onsite insurance levels to \$50 million upon demonstration that the fuel stored in the SFP can be air-cooled. In its Staff Requirements Memorandum to SECY-96-256, dated January 28, 1997 (ADAMS Accession No. ML15062A454), the Commission supported the NRC staff's recommendation that, among other things, would allow permanently shut down power reactor licensees to reduce commercial onsite property damage insurance coverage to \$50 million when the licensee was able to demonstrate the technical criterion that the spent fuel could be air-cooled if the SFP was drained of water.

The NRC staff has used this technical criterion to grant similar exemptions to other decommissioning reactors (e.g., Maine Yankee Atomic Power Station, published in the *Federal Register* on January 19, 1999 (64 FR 2920); Zion Nuclear Power Station, published in the *Federal Register* on December 28, 1999 (64 FR 72700); Kewaunee Power Station, published in the *Federal Register* on March 24, 2015 (80 FR 15638); Crystal River Unit 3 Nuclear Generation Plant, published in the *Federal Register* on May 6, 2015 (80 FR 26100); and Oyster Creek Nuclear Generating Station, published in the *Federal Register* on December 28, 2018 (83 FR 67365)). These prior exemptions were based on these licensees demonstrating that the SFP could be air-cooled, consistent with the technical criterion discussed above.

By letter dated July 30, 2019 (ADAMS Accession No. ML19211B509), ENOI provided a supplement to its exemption request addressing air-cooling of fuel in a



drained pool. In the attachment to this letter, the licensee compared Pilgrim fuel storage parameters with those used in NRC generic evaluations of fuel cooling included in NUREG/CR-6451, "A Safety and Regulatory Assessment of Generic BWR [Boiling-Water Reactor] and PWR [Pressurized-Water Reactor] Permanently Shutdown Nuclear Power Plants," dated August 1997 (ADAMS Accession No. ML082260098). The analysis described in NUREG/CR-6451 determined that natural air circulation would adequately cool fuel that has decayed for 7 months after operation in a typical BWR. The licensee compared the post-shutdown fuel storage conditions with those assumed for the analysis presented in NUREG/CR-6451. The licensee found that the Pilgrim fuel storage configuration is nearly identical to the representative configuration used in the NUREG/CR-6451 analysis with respect to the fuel assembly size, the fuel storage pitch, the rack material, and the rack orifice size being larger than the BWR fuel assembly inlet nozzle size. Thus, the cooling air flow should be comparable. However, although the Pilgrim final cycle fuel operated at a lower power density, it achieved a higher total burnup than assumed for the NUREG/CR-6451 analysis. The licensee determined that the higher decay heat resulting from the increased burnup would be offset by the longer decay time (i.e., 10 months) at the effective date of the requested exemption as compared to the decay time used in the NUREG/CR-6451 analysis (i.e., 7 months), which results in a lower total decay heat rate. Therefore, at 10 months after permanent shutdown (i.e., the effective date of the requested exemption), the NRC staff has reasonable assurance that fuel stored in the Pilgrim SFP would be adequately air-cooled in the unlikely event the SFP completely drained.

In SECY-00-0145, "Integrated Rulemaking Plan for Nuclear Power Plant Decommissioning," dated June 28, 2000, and SECY-01-0100, "Policy Issues Related to Safeguards, Insurance, and Emergency Preparedness Regulations at Decommissioning

Nuclear Power Plants Storing Fuel in the Spent Fuel Pool,” dated June 4, 2001 (ADAMS Accession Nos. ML003721626 and ML011450420, respectively), the NRC staff discussed additional information concerning SFP zirconium fire risks at decommissioning reactors and associated implications for onsite property damage insurance. Providing an analysis of when the spent fuel stored in the SFP is capable of air-cooling is one measure that can be used to demonstrate that the probability of a zirconium fire is exceedingly low. However, the NRC staff has more recently used an additional analysis that bounds an incomplete drain down of the SFP water, or some other catastrophic event (such as a complete drainage of the SFP with rearrangement of spent fuel rack geometry and/or the addition of rubble to the SFP). The analysis postulates that decay heat transfer from the spent fuel via conduction, convection, or radiation would be impeded. This analysis is often referred to as an adiabatic heatup.

The licensee’s adiabatic heatup analyses demonstrate that there would be at least 10 hours after the loss of all means of cooling (both air and/or water), before the spent fuel cladding would reach a temperature where the potential for a significant offsite radiological release could occur. The licensee states that for this loss of all cooling scenario, 10 hours is sufficient time for personnel to respond with additional resources, equipment, and capability to restore cooling to the SFPs, even after a non-credible, catastrophic event.

In the analysis provided in Attachment 2, “Calculation No. PNPS-EC-81416-M1418, Adiabatic Heatup Analysis for Drained Spent Fuel Pool,” to the letter dated February 18, 2019 (ADAMS Accession No. ML19056A260), the licensee compared the conditions for the hottest fuel assembly stored in the SFP to a criterion proposed in SECY-99-168, “Improving Decommissioning Regulations for Nuclear Power Plants,” dated June 30, 1999 (ADAMS Accession No. ML12265A598), applicable to offsite

emergency response for the unit in the decommissioning process. This criterion considers the time for the hottest assembly to heat up from 30 degrees Celsius (°C) to 900 °C adiabatically. If the heatup time is greater than 10 hours, then offsite emergency preplanning involving the plant is not necessary. Based on the limiting fuel assembly for decay heat and adiabatic heatup analysis presented in Attachment 2 to the February 18, 2019 letter, at 10 months after permanent cessation of power operations (i.e., 10 months of decay time), the time for the hottest fuel assembly to reach 900 °C is 10 hours after the assemblies have been uncovered. As stated in NUREG-1738, "Technical Study of Spent Fuel Pool Accident Risk at Decommissioning Nuclear Power Plants," dated February 2001 (ADAMS Accession No. ML010430066), 900 °C is an acceptable temperature to use for assessing onset of fission product release under transient conditions to establish the critical decay time for determining the availability of 10 hours for deployment of mitigation equipment and, if necessary, for offsite agencies to take appropriate action to protect the health and safety of the public if fuel and cladding oxidation occurs in air.

The NRC staff reviewed the calculation to verify that important physical properties of materials were within acceptable ranges and the results were accurate. The NRC staff determined that physical properties were appropriate. Therefore, the NRC staff found that 10 months after permanent cessation of power operations, more than 10 hours would be available before a significant offsite release could begin. The NRC staff concluded that the adiabatic heatup calculation provided an acceptable method for determining the minimum time available for deployment of mitigation equipment and, if necessary, implementing measures under a comprehensive general emergency plan.

The NRC staff performed an evaluation of the design-basis accidents for Pilgrim being permanently defueled as part of SECY-19-0078, "Request by Entergy Nuclear Operations, Inc. for Exemptions from Certain Emergency Planning Requirements for the Pilgrim Nuclear Power Station," dated August 9, 2019 (ADAMS Accession No. ML18347A717).

Based on the evaluation in SECY-19-0078 and SECY-96-256, the NRC staff determined \$50 million to be an adequate level of onsite property damage insurance for a decommissioning reactor once the spent fuel in the SFP is no longer susceptible to a zirconium fire. The NRC staff has postulated that there is still a potential for other radiological incidents at a decommissioning reactor that could result in significant onsite contamination besides a zirconium fire. In SECY-96-256, the NRC staff cited the rupture of a large contaminated liquid storage tank (~450,000 gallon) causing soil contamination and potential groundwater contamination as the most costly postulated event to decontaminate and remediate (other than an SFP zirconium fire). The postulated large liquid radiological waste storage tank rupture event was determined to have a bounding onsite cleanup cost of approximately \$50 million. Therefore, the NRC staff determined that the licensee's proposal to reduce onsite insurance to a level of \$50 million would be consistent with the bounding cleanup and decontamination cost, as discussed in SECY-96-256, to account for the postulated rupture of a large liquid radiological waste tank at the Pilgrim site, should such an event occur.

The NRC staff has determined that the licensee's proposed reduction in onsite property damage insurance coverage to a level of \$50 million is consistent with SECY-96-256 and subsequent insurance considerations resulting from additional zirconium fire risks as discussed in SECY-00-0145 and SECY-01-0100. In addition, the NRC staff notes that similar exemptions have been granted to other permanently shut down and

defueled power reactors, upon demonstration that the criterion of the zirconium fire risks from the irradiated fuel stored in the SFP is of negligible concern. As previously stated, the NRC staff concluded that 10 months after the permanent cessation of power operations on May 31, 2019, sufficient irradiated fuel decay time will have elapsed at Pilgrim to decrease the probability of an onsite radiological release from a postulated zirconium fire accident to negligible levels. In addition, the licensee's proposal to reduce onsite insurance to a level of \$50 million is consistent with the maximum estimated cleanup costs for the recovery from the rupture of a large liquid radwaste storage tank.

The NRC staff also notes that in accordance with the Pilgrim Post-Shutdown Decommissioning Activities Report (PSDAR) dated November 16, 2018 (ADAMS Accession No. ML18320A040), all spent fuel will be removed from the SFP and moved into dry storage at an onsite ISFSI by the end of 2021, and the probability of an initiating event that would threaten SFP integrity occurring before that time is extremely low, which further supports the conclusion that the zirconium fire risk is negligible

**A. The Exemption is Authorized by Law**

The requested exemption from 10 CFR 50.54(w)(1) would allow Holtec Pilgrim and HDI to reduce the minimum coverage limit for onsite property damage insurance. As stated above, 10 CFR 50.12 allows the NRC to grant exemptions from the requirements of 10 CFR part 50 when the exemptions are authorized by law.

As explained above, the NRC staff has determined that the licensee's proposed reduction in onsite property damage insurance coverage to a level of \$50 million is consistent with SECY-96-256. Moreover, the NRC staff concluded that 10 months after the permanent cessation of power operations, sufficient irradiated fuel decay time will

have elapsed at Pilgrim to decrease the probability of an onsite and offsite radiological release from a postulated zirconium fire accident to negligible levels. In addition, the licensee's proposal to reduce onsite insurance to a level of \$50 million is consistent with the maximum estimated cleanup costs for the recovery from the rupture of a large liquid radiological waste storage tank.

The NRC staff has determined that granting the licensee's proposed exemption will not result in a violation of the Atomic Energy Act of 1954, as amended, or the Commission's regulations. Therefore, based on its review of the licensee's exemption request as discussed above, and consistent with SECY-96-256, the NRC staff concludes that the exemption is authorized by law.

**B. The Exemption Presents No Undue Risk to the Public Health and Safety**

The onsite property damage insurance requirements of 10 CFR 50.54(w)(1) were established to provide financial assurance that following a significant nuclear incident, onsite conditions could be stabilized and the site decontaminated. The requirements of 10 CFR 50.54(w)(1) and the existing level of onsite insurance coverage for Pilgrim are predicated on the assumption that the reactor is operating. However, Pilgrim permanently shut down on May 31, 2019, and defueled on June 10, 2019. The permanently shutdown and defueled status of the facility results in a significant reduction in the number and severity of potential accidents and, correspondingly, a significant reduction in the potential for and severity of onsite property damage. The proposed reduction in the amount of onsite insurance coverage does not impact the probability or consequences of potential accidents. The proposed level of insurance coverage is commensurate with the reduced consequences of potential nuclear accidents at Pilgrim.

Therefore, the NRC staff concludes that granting the requested exemption will not present an undue risk to the health and safety of the public.

**C. The Exemption Is Consistent with the Common Defense and Security**

The proposed exemption would not eliminate any requirements associated with physical protection of the site and would not adversely affect the licensee's ability to physically secure the site or protect special nuclear material. Physical security measures at Pilgrim are not affected by the requested exemption. Therefore, the proposed exemption is consistent with the common defense and security.

**D. Special Circumstances**

Special circumstances, in accordance with 10 CFR 50.12(a)(2)(ii), are present whenever application of the regulation in the particular circumstances is not necessary to achieve the underlying purpose of the regulation.

The underlying purpose of 10 CFR 50.54(w)(1) is to provide reasonable assurance that adequate funds will be available to stabilize reactor conditions and cover onsite cleanup costs associated with site decontamination following an accident that results in the release of a significant amount of radiological material. Since Pilgrim permanently shut down on May 31, 2019, and defueled on June 10, 2019, it is no longer possible for the radiological consequences of design-basis accidents or other credible events at Pilgrim to exceed the limits of the EPA PAGs at the exclusion area boundary. The licensee has evaluated the consequences of highly unlikely, beyond-design-basis conditions involving a loss of coolant from the SFP. The analyses show that 10 months after the permanent cessation of power operations on May 31, 2019, the likelihood of

such an event leading to a large radiological release is negligible. The NRC staff's evaluation of the licensee's analyses confirm this conclusion.

The NRC staff also finds that the licensee's proposed \$50 million level of onsite insurance is consistent with the bounding cleanup and decontamination cost as discussed in SECY-96-256, to account for the hypothetical rupture of a large liquid radiological waste tank at the Pilgrim site, should such an event occur. Therefore, the NRC staff concludes that the application of the current requirements in 10 CFR 50.54(w)(1) to maintain \$1.06 billion in onsite insurance coverage is not necessary to achieve the underlying purpose of the rule for the permanently shutdown and defueled Pilgrim reactor.

Under 10 CFR 50.12(a)(2)(iii), special circumstances are present whenever compliance would result in undue hardship or other costs that are significantly in excess of those contemplated when the regulation was adopted, or that are significantly in excess of those incurred by others similarly situated.

The NRC staff concludes that if the licensee was required to continue to maintain an onsite insurance level of \$1.06 billion, the associated insurance premiums would be in excess of those necessary and commensurate with the radiological contamination risks posed by the site. In addition, such insurance levels would be significantly in excess of other decommissioning reactor facilities that have been granted similar exemptions by the NRC.

The NRC staff finds that compliance with the existing rule would result in an undue hardship or other costs that are significantly in excess of those contemplated when the regulation was adopted and are significantly in excess of those incurred by others similarly situated.



Therefore, the special circumstances required by 10 CFR 50.12(a)(2)(ii) and 10 CFR 50.12(a)(2)(iii) exist.

**E. Environmental Considerations**

The NRC's approval of an exemption from insurance or indemnity requirements belongs to a category of actions that the Commission, by rule or regulation, has declared to be a categorical exclusion after first finding that the category of actions does not individually or cumulatively have a significant effect on the human environment. Specifically, the exemption is categorically excluded from the requirement to prepare an environmental assessment or environmental impact statement in accordance with 10 CFR 51.22(c)(25).

Under 10 CFR 51.22(c)(25), granting of an exemption from the requirements of any regulation of Chapter I to 10 CFR is a categorical exclusion provided that: (i) there is no significant hazards consideration; (ii) there is no significant change in the types or significant increase in the amounts of any effluents that may be released offsite; (iii) there is no significant increase in individual or cumulative public or occupational radiation exposure; (iv) there is no significant construction impact; (v) there is no significant increase in the potential for or consequences from radiological accidents; and (vi) the requirements from which an exemption is sought involve surety, insurance, or indemnity requirements.

As the Director, Division of Operating Reactor Licensing, Office of Nuclear Reactor Regulation, I have determined that approval of the exemption request involves no significant hazards consideration, as defined in 10 CFR 50.92, because reducing the licensee's onsite property damage insurance for Pilgrim does not: (1) involve a

significant increase in the probability or consequences of an accident previously evaluated; (2) create the possibility of a new or different kind of accident from any accident previously evaluated; or (3) involve a significant reduction in a margin of safety. The exempted financial protection regulation is unrelated to the operation of Pilgrim or site activities. Accordingly, there is no significant change in the types or significant increase in the amounts of any effluents that may be released offsite and no significant increase in individual or cumulative public or occupational radiation exposure. The exempted regulation is not associated with construction so there is no significant construction impact. The exempted regulation does not concern the source term (i.e., potential amount of radiation in an accident) nor any activities conducted at the site. Therefore, there is no significant increase in the potential for, or consequences of, a radiological accident. In addition, there would be no significant impacts to biota, water resources, historic properties, cultural resources, or socioeconomic conditions in the region resulting from issuance of the requested exemption. The requirement for onsite property damage insurance involves surety, insurance, and indemnity matters only.

Therefore, pursuant to 10 CFR 51.22(b) and 51.22(c)(25), no environmental impact statement or environmental assessment need be prepared in connection with the approval of this exemption request.

#### **IV. Conclusions.**

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12(a), the exemption is authorized by law, will not present an undue risk to the public health and safety, and is consistent with the common defense and security. Also, special circumstances are present as set forth in 10 CFR 50.12.

Therefore, the Commission hereby grants Holtec Pilgrim and HDI an exemption from the requirements of 10 CFR 50.54(w)(1) for Pilgrim. Pilgrim permanently ceased power operations on May 31, 2019. The exemption permits Pilgrim to lower the minimum required onsite insurance to \$50 million 10 months after permanent cessation of power operations.

The exemption is effective as of 10 months after permanent cessation of power operations.

Dated at Rockville, Maryland, this 6<sup>th</sup> day of January 2020.

For the Nuclear Regulatory Commission.

**/RA/**

Craig G. Erlanger, Director,  
Division of Operating Reactor Licensing,  
Office of Nuclear Reactor Regulation.