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AUG 8 1980

MEMORANDUM FOR: Carlton C. Kammerer, Director
Office of Congressional Affairs

FROM: John G. Davis, Deputy Director
Office of Nuclear Material Safety
and Safeguards

SUBJECT: POSSIBLE REINSTITUTION OF GESMO HEARINGS

The July 14, 1980 letter to Chairman Ahearne from Stuart E. Eizenstat, Assistant to the President for Domestic Affairs and Policy, reiterated the Administration's view that reprocessing of commercial reactor fuel should be deferred indefinitely and that the GESMO proceeding should remain terminated. If the Congress should mandate a reinstatement of the GESMO hearing, we would urge that first the 1976 GESMO study and report be thoroughly revised to provide a complete and up-to-date basis for the new proceeding.

Recent studies indicate that the reprocessing of commercial LWR fuel for the recycle of uranium only will not be economically attractive. European nations and Japan are planning to recycle both uranium and plutonium following the reprocessing of spent fuel from commercial power plants. One of the benefits they expect from reprocessing and recycle of commercial power plant fuel is the buildup of a plutonium inventory for the breeder economy. If the U.S. re-evaluates the reprocessing and recycle options, the breeder economy should be included in the consideration.

The 1976 GESMO report and the record of the GESMO hearing up to its termination in December 1977 are based on information which is now out of date, especially in the areas of costs, nuclear power growth projections, and plans for radioactive waste management. We consider the changes in these areas to be of such magnitude and importance as to affect the outcome of the GESMO study. We, therefore, believe that it is essential to revise and update the GESMO study before reinstating the public hearing process. We estimate that 6 to 9 months would be required to assemble the needed staff and from 18 months to 2 years to perform the study and to develop and publish the updated report which would serve as the basis for the public hearing. We believe that a year would be required to receive public comments on the report, publish the final document and conduct the public hearing.

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Factors affecting the scheduling of a reinstated GESMO effort are the following:

- New waste management regulations for both high-level and low-level wastes are now being developed but will not be finalized until about the end of 1981.
- Contracts to support the new GESMO study will require 12 to 18 months for obtaining proposals, selecting a contractor, and completing the work.
- The performance of the study and the writing of the report will require about 18 months, with additional time for NRC internal reviews and revisions.
- If GESMO is completely redone, including consideration of breeders, the uncertainties are such that an additional year's effort for both staff and contractors may be required at approximately the level shown for the third year.

We have estimated the resource requirements for a complete updating of the GESMO study as shown in the tabulation below. It must be noted that these estimated resource requirements are incremental to the proposed budget levels. If NRC is directed to accomplish this work without a corresponding increase in budget levels, some present on-going and projected programs will be sharply curtailed as resources are diverted to GESMO assignments. No effort has been made to develop the details of the GESMO resource requirements, as the scope and content of work to be required of us are not known. The resource estimates given below should be regarded as first approximations only, intended to give an idea of the magnitude of resource requirements and the approximate length of time required to update the GESMO report and conduct a new public hearing proceeding.

	<u>LWR Fuel Cycle Only</u>			<u>LWR & Breeder Fuel Cycles</u>		
	<u>1st Yr</u>	<u>2nd Yr</u>	<u>3rd Yr</u>	<u>1st Yr</u>	<u>2nd Yr</u>	<u>3rd Yr</u>
<u>Staff Requirements</u>						
NMSS	20	24	22	24	30	29
Other	<u>18</u>	<u>20</u>	<u>22</u>	<u>24</u>	<u>26</u>	<u>24</u>
Total	38	44	44	48	56	53
<u>Contractual Support</u> (thousands of dollars)						
NMSS	1,350	1,800	750	1,800	2,600	850
ADM	925	455	550	925	455	550
RES	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,000</u>	<u>20,000</u>	<u>10,000</u>
Total	2,275	2,255	1,300	14,725	23,055	11,400

(Signed) John G. Davis

John G. Davis, Deputy Director
Office of Nuclear Material Safety
and Safeguards

cc: Mr. Dircks
Mr. Minogue
Mr. Denton
Mr. Stello
Mr. Budnitz
Mr. Martin
Mr. Burnett
Mr. Cunningham
Mr. Brown

bcc: FC Central File NMSS 80-0991
NMSS r/f GATeri BAClausser
FCOT r/f TFCarter ABentley
WET r/i RECunningham
WETHompson JGDavis

FCTA	FCOT	FC	FC	NMSS
WETHompson:mpm	GATerry	TFCarter	RECunningham	JGDavis
8/7/80	8/7/80	8/ /80	8/ /80	8/ /80