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To: [Chairman Resource](#); [CMRBARAN Resource](#); [CMRWright Resource](#); [Trussell, Gregory](#); [RulemakingComments Resource](#); [Vietti-Cook, Annette](#)
Subject: [External_Sender] Comment letter on ANPR, on Categorical Exclusions
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Attachments: [Comment letter on letterhead.pdf](#)

Dear Commissioners and Staff members, Nuclear Regulatory Commission:

Please add the attached comment letter to your file for consideration of the NRC's ANPR on categorical exclusions. Thank you.

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July 21, 2021

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Via email only to Chairman@NRC.gov, CMRBARAN@nrc.gov, CMRWright@nrc.gov

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Annette Vietti-Cook, Secretary, U.S. Nuclear Regulatory Commission,
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SUBJECT: Docket ID NRC-2018-0300, “Advance Notice of Proposed Rulemaking,
Categorical Exclusions from Environmental Review” (Public Comments)

Dear NRC Commissioners:

I am writing on behalf of the Toledo Coalition for Safe Energy to comment on the NRC’s “Advance Notice of Proposed Rulemaking” on “Categorical Exclusions from Environmental Review” (“ANPR”) published in the Federal Register on May 7, 2021 (86 FR 24514). The NRC stated there that it seeks to “obtain input from stakeholders on its plan to amend NRC regulations on categorical exclusions for licensing, regulatory, and administrative actions that individually or cumulatively do not have a significant effect on the human environment.”

The NRC has provided an outline of planned additions to the list of categorical exclusions (“CE’s”) from review under the National Environmental Policy Act (“NEPA”). If some of the seeming proposals mentioned in the Advance Notice become exclusions, we are concerned that the NRC might improperly reclassify actions which actually cause significant environmental consequences, and we will oppose the rulemaking as violating NEPA. Our comments at this point, then, are meant to remind the NRC of some of the constraints on exclusionary rulemaking.

I. The NRC Must Explain Proposed Changes

The NRC does not have unfettered discretion in promulgating legislative rules. To the

extent that the NRC will be excluding actions or matters that are currently proper subjects for investigation and analysis in Environmental Impact Statements (“EIS’s”) and Environmental Assessments (“EA’s”) under NEPA, the NRC will be expected to “provide a reasoned explanation for the change.” *Jimenez-Cedillo v. Sessions*, 885 F.3d 292, 298 (4th Cir. 2018) (quoting *Encino Motorcars, LLC v. Navarro*, ___ U.S. ___, 136 S.Ct. 2117, 2125, 195 L.Ed.2d 382 (2016)). “At a minimum, an agency must ‘display awareness that it is changing position and show that there are good reasons for the new policy.’” *Id.* (quoting *Encino Motorcars*, 136 S.Ct. at 2126). The agency’s explanation must address the “facts and circumstances that underlay or were engendered by the prior policy,” including any “serious reliance interests.” *Encino Motorcars*, 136 S.Ct. at 2126 (quoting *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515-16, 129 S.Ct. 1800, 173 L.Ed.2d 738 (2009)). “An ‘unexplained inconsistency’ in agency policy indicates that the agency’s action is arbitrary and capricious, and therefore unlawful.” *Jimenez-Cedillo*, 885 F.3d at 298 (quoting *Encino Motorcars*, 136 S.Ct. at 2125); *Casa De Maryland v. U.S. Department of Homeland Security*, 924 F.3d 684, 704-705 (4th Cir. 2019).

So, for example, if the justification for a new rule categorically excluding approvals of decommissioning funding plans submitted under 10 CFR Parts 30, 40, 70 or 72 is that mere funding reallocations do not induce or cause changed environmental effects in the physical world, that rationale will be challenged for failing to account for pre-existing facts and circumstances. Changes in funding allocations as components of a license amendment or other formal act clearly can induce environmentally-measurable changes in the physical world. In recent Indian Point litigation, Holtec Decommissioning International (“HDI”) requested an exemption to siphon off a third of the Decommissioning Trust Fund (“DTF”). HDI’s request was held to be within the scope of the proceeding because it was “intertwined with, and constitutes an integral part of, the license transfer application” and the State of New York’s exemption-related arguments were deemed to “fall within the scope of this proceeding.” *Entergy Nuclear Operations, Inc., Entergy Nuclear Indian Point 2, LLC, Entergy Nuclear Indian Point 3, LLC, Holtec International, and Holtec Decommissioning International, LLC* (Indian Point Nuclear Generating Station, Units 1, 2, and 3 and ISFSI), Docket Nos. 50-003-LT-3, 50-247-LT-3, 50-286-LT-3, 72-51-LT-2, CLI-21-01 at 18 (January 15, 2021) (Slip op.).

The allusion in the Advance Notice to excluding approvals of “alternative waste disposal procedures for reactor and materials licenses in accordance with § 20.2002,” by which the NRC would not require consideration of environmental impacts in authorizing new dump sites for “very low-level waste,” similarly would be challengeable because it excuses consideration of actual and significant environmental effects that accompany the deregulated disposal of such waste. The same would be true regarding the apparent NRC intention to categorically exclude Agreement States’ issuances of exemptions to low-level waste disposal sites for the storage and disposal of special nuclear material.

Likewise, excluding from NEPA the issuance of new, amended, revised, and renewed certificates of compliance for cask designs used for spent fuel storage and transportation (issued as amendments to 10 CFR § 72.214, “List of approved spent fuel storage casks”), is a direct affront to the obligations imposed by NEPA and the Atomic Energy Act, would not account for

pre-existing facts and circumstances, and would be viewed skeptically by the public.

Revisions to eliminate distinctions in categorical exclusions among license amendments, exemptions, rulemaking, and other forms of NRC actions in order to erase administrative and legal differences among the different types of NRC approvals sounds like a means for the NRC to quietly gut or negate statutory and regulatory requirements without publicly having to properly frame the overall project within which the CE is being invoked.

For example, the NRC is considering “[r]evisions to consolidate categorical exclusions for exemptions into one category, for example, by moving the criterion for exemptions related to installation or use of a facility component located within the restricted area.” The mere fact that a new installation or use is taking place inside the physical boundaries of an existing project does not assure that the new installation or use will not generate environmentally significant impacts. Shifting to a results orientation – describing the supposed result instead of analyzing the resulting project in light of a license issuance, amendment, exemption, etc. – undermines measurement of the project alongside NEPA and AEA standards such as “reasonable assurance” and would deprive the public of a true picture of implications of the project. Adoption of this approach would spur the growth of ad hoc permitting, where overly-broad exclusions would cause permits to be issued on the authority of hollowed out regulations. Uniformity of regulation would be undermined.

II. The Commission May Not Rewrite NEPA By Redefining Harmful Actions As Non-Harmful

In the Advance Notice, the NRC points out that a categorical exclusion may arise “[i]f the Federal agency finds that actions in a given category have repeatedly been shown to have no significant effect on the human environment, either individually or cumulatively. . . .” That overvalues historic NRC determinations of minimal environmental impact to the detriment of the specific facts of a presenting proposal.

The Council on Environmental Quality (“CEQ”) expects that excluded acts will not be significantly negative in how the physical environment will be affected: 40 CFR §1508.1(d) defines “categorical exclusion” as “a category of actions that the agency has determined, in its agency NEPA procedures (§1507.3 of this chapter), *normally do not have a significant effect on the human environment.*” (Emphasis added). A showing that an activity will have a significant effect on the environment negates invoking the exclusion, *i.e.*, the action can be excluded when it would have a benign result or outcome. That also requires each new proposal to be evaluated on its own facts, unless those facts are essentially generic.

The NRC’s CE regulation, 10 CFR § 51.22(b), is conditional and holds open the possibility that a proposed invocation of a CE may be inappropriate:

(b) *Except in special circumstances*, as determined by the Commission upon its own initiative or upon request of any interested person, an environmental

assessment or an environmental impact statement is not required for any action within a category of actions included in the list of categorical exclusions set out in paragraph (c) of this section.

(Emphasis added). Section 51.22(b) defines “special circumstances” to “include the circumstance where the proposed action involves unresolved conflicts concerning alternative uses of available resources within the meaning of section 102(2)(E) of NEPA.” In addition, the CEQ’s NEPA regulations require the agency to be on the lookout for situations where the exclusion has a significant effect in order to determine whether the agency can mitigate the environmental harm. Otherwise, an Environmental Assessment or Environmental Impact Statement must be compiled:

If an agency determines that a categorical exclusion covers a proposed action, the agency still must evaluate the action for extraordinary circumstances in which a normally excluded action may have a significant effect, and:

(1) If an extraordinary circumstance is present, the agency nevertheless may categorically exclude the proposed action *if the agency determines that there are circumstances that lessen the impacts* or other conditions sufficient to avoid significant effects. (Emphasis supplied).

(2) If the agency cannot categorically exclude the proposed action, the agency shall prepare an environmental assessment or environmental impact statement, as appropriate.

40 CFR § 1504.4(b). *See Pa’ina Hawaii, LLC*, LBP-06-4, 63 NRC 99, 108-112 & 108 n.36 (2006) (“An agency must affirmatively provide a reasoned explanation of the applicability of a categorical exclusion when special circumstances are alleged.”¹).

Respecting the NRC’s “special circumstances” exception in 10 C.F.R. § 51.22(b), the Commission “intended the term to be flexible, stating that ‘[a] major purpose of proposed § 51.22(b) is to preserve this necessary flexibility. In addition, it is impossible to identify in advance the precise situations which might move the Commission in the future to determine special circumstances exist. Therefore, the term ‘special circumstances’ has not been further defined.’”²

Several new exclusions the NRC mentioned in the ANPR will not have benign effects. Freeing dozens of unlicensed landfills or other facilities from radioactive waste/materials licensing and subsequent environmental reporting and monitoring obligations under the Atomic Energy Act and/or NEPA will spawn many negative environmental impacts and has been

¹*Pa’ina Hawaii* at 63 NRC 108-112 & 108 n.36 (2006), (citing *Alaska Center for the Environment v. U.S. Forest Service*, 189 F.3d 851, 859 (9th Cir. 1999); *Jones v. Gordon*, 792 F.2d 821, 828 (9th Cir. 1986); *Steamboaters v. Fed. Energy Reg. Comm’n*, 759 F.2d 1382 (9th Cir. 1985); *Wilderness Watch & Public Employees for Env. Responsibility v. Mainella*, 375 F.3d 1085, 1096.

²49 Fed. Reg. 9352, 9366 (Mar. 12, 1984), quoted in *Pa’ina Hawaii* at 110.

historically one of the most controversial efforts by the Nuclear Regulatory Commission and other agencies . Allowing Agreement States' radwaste permitting to be excluded invites inconsistencies that could lead to less protection than federally required among the States as to how the AEA is interpreted and administered. Divorcing cask and canister licensing from the identification and scrutiny of environmental effects is a recipe for public health and safety disaster. According new processes or activities an exclusion merely because they would be situated within an existing project's physical boundaries smacks of the evisceration of NEPA entirely.

Also, the NRC is considering an exclusion of approvals of decommissioning funding plans submitted under 10 CFR parts 30, 40, 70 or 72. This is highly objectionable because of the very long operational timelines of projects licensed under those parts. For example, rather than promulgate rules explicitly regulating consolidated interim storage facilities, the NRC has chosen to fit the Interim Storage Partners and Holtec International Consolidated "Interim" Storage Facilities (CISF) proposals under the Part 72 rules for Independent Spent Fuel Storage Installations ("ISFSIs"). The operational lives of these ISFSIs may be 40 to 80 years, but there is a distinct possibility that they will have to store irradiated (spent) nuclear fuel for an "interim" of hundreds, even thousands, of years. There are genuine scientific and physical limits to the stability of existing storage modes, as, for example, the requirement to swap out storage canisters at least every 100 years. There are major safety and environmental concerns respecting the world to be inherited by generations unborn that will require money for potentially epic decommissioning "interims," and lots of it.

Categorically excluding analysis of decommissioning funding from the standpoint of environmental dangers caused by, for instance, a corroded, untended and unsecure spent fuel dump 100 or so years from now is clearly violative of NEPA. While NEPA does not require a cost-benefit analysis, an agency choosing to "trumpet" an action's benefits has a duty to disclose its costs. *Sierra Club v. Sigler*, 695 F.2d 957, 979 (5th Cir. 1983). "[I]t is essential that the EIS not be based on misleading economic assumptions." *Hughes River Watershed Conservancy v. Glickman*, 81 F.3d 437, 446, 448 (4th Cir.1996) (inflated estimate of recreation benefits versus adverse environmental effects). Misleading information about economic impacts can defeat the "hard look" function of an EIS. *South Louisiana Environmental Council v. Sand*, 629 F.2d 1005 (5th Cir.1980).

The categorical exclusion of decommissioning financing from the CISFs is an invitation for the operator to seek secret, nonpublic exemptions from the requirements of 10 CFR § 72.30 as Interim Storage Partners has sought from the NRC. ISP has requested an exemption from having to provide any financing information during the licensing phase of its CISF proposal. "Reasonable financial assurance for an ISFSI applicant is provided through reasonable cost estimates based on plausible assumptions and forecasts. Assumptions seriously at odds with governing realities will not be acceptable. *Private Fuel Storage, L.L.C.* (Independent Spent Fuel Storage Installation), LBP-05-21, 62 NRC 248, 298-99 (2003). ISP's proposed financial arrangements are merely wishful; they are not lawful. The firm has not provided information sufficient to show that it either possesses the necessary funds, nor does it have reasonable

assurance of obtaining the necessary funds, nor can ISP show that by a combination of the two, that it will have the necessary funds available to cover the costs of construction, operation and decommissioning of the proposed CISF. The possibility that decommissioning financing could be reclassified as a categorical exclusion from NEPA coverage destroys the disclosure and assurance aims of the statute.

III. The Rulemaking Proposal Itself Is A ‘Major Federal Action’ That Requires An Environmental Impact Statement For Each Of The Exclusions

The proposal to make a CE to deregulate and conceal the licensing of (and public knowledge about) disposal of thousands of tons of irradiated materials and radioactive waste at possibly dozens of landfills would comprise a “major federal action” worthy of an EIS. So would the subtle gutting of regulations and statutes by shifting from focusing on the legal mechanism to the substance of the action. So would erasure of decades of legislative regulation and oversight of the design of transport and storage canisters and casks for radioactive fuel and waste (and the accompanying disclosure of those designs and materials to the public). Adding so many conceivable “major federal actions” to the exclusion list calls, first, for an analysis of their possible effects within a rulemaking Environmental Impact Statement pursuant to NEPA.

The Commission is specifically empowered to require preparation of an EIS on proposed rulemakings. See 10 CFR §§ 51.85, 51.86, 51.74.

New categorical exclusions are effectively new generic findings and they have a preclusive effect over future decisionmaking. CEQ regulations interpreting NEPA include within the span of “major federal actions” actions with “[i]ndirect effects, which are caused by the action and are later in time or farther removed in distance, but are still reasonably foreseeable.” 40 C.F.R. §§ 1508.8, 1508.18.

Nearly a decade ago, the D.C. Circuit Court held that the NRC’s “waste confidence decision” (WCD) rulemaking was a “major federal action” covered by NEPA and sent the agency back to the drawing board to compile an appropriate NEPA document. *State of New York v. Nuclear Regulatory Com'n*, 681 F.3d 471 (D.C. Cir. 2012). The Court’s reasoning follows:

We agree with petitioners that the WCD rulemaking is a major federal action requiring either a FONSI or an EIS. The Commission’s contrary argument treating the WCD as separate from the individual licensing decisions it enables fails under controlling precedent.

We have long held that NEPA requires that “environmental issues be considered at every important stage in the decision-making process concerning a particular action.” *Calvert Cliffs' Coordinating Comm., Inc. v. Atomic Energy Comm'n*, 449 F.2d 1109, 1118 (D.C. Cir. 1971). The WCD makes generic findings that have a preclusive effect in all future licensing decisions. —it is a pre-determined “stage” of each licensing decision. NEPA established the Council on Environmental Quality (“CEQ”) “with authority to issue regulations interpreting it.” *Dep’t of Transp. v. Public Citizen*, 541 U.S. 752, 757

(2004). The CEQ has defined major federal actions to include actions with “[i]ndirect effects, which are caused by the action and are later in time or farther removed in distance, but are still reasonably foreseeable.” 40 C.F.R. §§ 1508.8, 1508.18; *Public Citizen*, 541 U.S. at 763; *see also Andrus v. Sierra Club*, 442 U.S. 347, 358 (1979) (holding that the CEQ’s NEPA interpretations are entitled to substantial deference); *accord, CTIA-Wireless Ass’n v. FCC*, 466 F.3d 105, 115 (D.C. Cir. 2006). It is not only reasonably foreseeable but eminently clear that the WCD will be used to enable licensing decisions based on its findings. The Commission and the intervenors contend that the site-specific factors that differ from plant to plant can be challenged at the time of a specific plant’s licensing, but the WCD nonetheless renders uncontestable general conclusions about the environmental effects of plant licensure that will apply in every licensing decision. *See* 10 C.F.R. § 51.23(b).

Id. at 476.

In the Advance Notice, the NRC appears to have reached generic conclusions which it intends to publish as categorical exclusions, which will reshape regulatory policy for many years to come. The new exclusions will render uncontestable certain determinations and conclusions about the environmental effects, even the need for, NRC licenses and other permits and determinations. Their promulgation should then be seen as a “major federal action” and be accompanied by a NEPA compilation. “Major Federal action includes actions with effects that may be major and which are potentially subject to Federal control and responsibility. Major reinforces but does not have a meaning independent of significantly (§ 1508.27).” 40 CFR §1508.18. Assessing the proposed categorical exclusions outlined in the Advance Notice against the “intensity” criteria of § 1508.27,³ it is obvious that several of the changes are “significant,”

³40 CFR § 1508.27(b) Intensity. This refers to the severity of impact. Responsible officials must bear in mind that more than one agency may make decisions about partial aspects of a major action. The following should be considered in evaluating intensity:

- (1) Impacts that may be both beneficial and adverse. A significant effect may exist even if the Federal agency believes that on balance the effect will be beneficial.
- (2) The degree to which the proposed action affects public health or safety.
- (3) Unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farmlands, wetlands, wild and scenic rivers, or ecologically critical areas.
- (4) The degree to which the effects on the quality of the human environment are likely to be highly controversial.
- (5) The degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks.
- (6) The degree to which the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration.
- (7) Whether the action is related to other actions with individually insignificant but cumulatively significant impacts. Significance exists if it is reasonable to anticipate a cumulatively significant impact on the environment. Significance cannot be avoided by terming an action temporary or by breaking it down into small component parts.

and hence “major.” Consequently, NEPA compliance is obligatory as part of this rulemaking.

IV. Conclusion

The ANPR lists 16 bullet points for potential categorical exclusion. Each has serious potentially significant major environmental impacts. If NRC proceeds with this ANPR, each item must be fully explained with ample opportunity for public review and comment. Each one deserves full analysis, transparency on the underlying assumptions, and opportunity for public input. It is not reasonable to expect the public to fully analyse all the potential impacts for each of these and provide evidence although it does exist. We have identified a few in these comments, but oppose adoption of any without NRC providing explicit evidence for Categorical Exclusion.

For the above reasons, we request that when the Commission promulgates the proposed rule adding new categorical exclusions, the agency also provide a Draft Environmental Impact Statement (or Statements) which comprehensively analyzes the justifications and anticipated environmental impacts of each proposed Categorical Exclusion.

Thank you.

Very truly yours,

/s/ Terry J. Lodge

Terry J. Lodge, Esq.

Counsel for Toledo Coalition for Safe Energy

(8) The degree to which the action may adversely affect districts, sites, highways, structures, or objects listed in or eligible for listing in the National Register of Historic Places or may cause loss or destruction of significant scientific, cultural, or historical resources.

(9) The degree to which the action may adversely affect an endangered or threatened species or its habitat that has been determined to be critical under the Endangered Species Act of 1973.

(10) Whether the action threatens a violation of Federal, State, or local law or requirements imposed for the protection of the environment.