

NUCLEAR REGULATORY COMMISSION

Docket No. 50-255

Palisades Energy, LLC

Palisades Nuclear Plant

Exemption

I. Background.

Palisades Energy, LLC (Palisades, the licensee) is the holder of Renewed Facility Operating License No. DPR-20, which authorizes operation of the Palisades Nuclear Plant (Palisades). The license provides, among other things, that the facility is subject to all rules, regulations, and orders of the U.S. Nuclear Regulatory Commission (NRC, the Commission) now or hereafter in effect. The facility consists of one pressurized-water reactor located in Van Buren County in Michigan.

II. Request/Action.

By letter dated August 12, 2025 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML25224A206), as supplemented by letter dated October 15, 2025 (ML25288A074), and pursuant to 10 CFR 26.9, "Specific exemptions," the licensee requested a one-time exemption from the work hour requirements in Title 10 of the *Code of Federal Regulations* (10 CFR) part 26, "Fitness for Duty Programs," paragraph 26.205(d), "Work hour controls" Specifically, the licensee requested to use the work hour requirements in 10 CFR 26.205(d)(4) and (d)(5) in lieu of the non-outage work hour controls described in 10 CFR 26.205(d)(3) and (d)(7) for a period of no more than 60 days for individuals specified in 10 CFR 26.4(a)(1) through (a)(5), starting on November 3, 2025, following the licensee's planned 60-day outage which started on August 25, 2025, and ends on October 23, 2025.

Section 26.205(d)(3) of 10 CFR, requires licensees to comply with the requirements for individuals to have a minimum number of days off per week depending on the duration of shift schedules, averaged over the shift cycle, and the duties being performed. Individuals working 8-hour shift schedules shall have at least 1 day off per week, and individuals who are working 10-hour shift schedules shall have at least 2 days off per week. Individuals working 12-hour shift schedules while performing the duties described in 10 CFR 26.4(a)(1) through (a)(3) shall have at least 2.5 days off per week; individuals working 12-hour shift schedules while performing duties described in 10 CFR 26.4(a)(4) shall have at least 2 days off per week; and individuals working 12-hour shift schedules while performing duties described in 10 CFR 26.4(a)(5) shall have at least 3 days off per week. Section 26.205(d)(7) of 10 CFR, requires licensees to comply with the requirements for maximum average work hours wherein individuals may not work more than a weekly average of 54 hours, calculated using an averaging period of up to 6 weeks, which advances by 7 consecutive calendar days at the finish of every averaging period. The licensee seeks a one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7).

The requirements in 10 CFR 26.205(d)(4) provide that during the first 60 days of a unit outage, licensees need not meet the requirements of 10 CFR 26.205(d)(3) or (d)(7) for individuals specified in 10 CFR 26.4(a)(1) through (a)(4), while those individuals are working on outage activities. However, 10 CFR 26.205(d)(4) does require the licensee to ensure individuals specified in 10 CFR 26.4(a)(1) through (a)(3) have at least 3 days off in each successive (i.e. non-rolling) 15-day period, and that the individuals specified in 10 CFR 26.4(a)(4) have at least 1 day off in any 7-day period. This is collectively known as the outage minimum days off (MDO) requirement. The requirements in 10 CFR 26.205(d)(5) provide that during the first 60 days of a unit outage, licensees need not meet the requirements of 10 CFR 26.205(d)(3) or (d)(7) for individuals specified in 10 CFR 26.4(a)(5). Additionally, licensees shall ensure that individuals specified in 10 CFR 26.4(a)(5) have at least 4 days off in each successive (i.e. non-rolling) 15-day period.

On July 24, 2025, the NRC issued a series of licensing and regulatory actions approving the licensee's request to reauthorize power operations at Palisades and return the plant to an operational status, including the Power Operations Technical Specifications (ML25157A127). In its August 12, 2025, submittal letter, the licensee stated that it planned to implement the power operations license, the final safety analysis report (FSAR), and the Power Operations Technical Specifications on August 25, 2025. Further, the licensee stated that on August 25, 2025, Palisades would transition directly into an outage under the Power Operation Technical Specifications to restore the plant for restart.

The licensee stated that the one-time exemption from the work hour requirements in 10 CFR 26.205(d) is necessary for the flexible management of personnel and work activities to ensure the full restoration of safety-related equipment and completion of outage activities in support of plant restart at Palisades. To support the extended use of outage work hour controls for the initial 60-day outage followed by the initially proposed 49-day exemption period, the licensee proposed additional mitigating actions discussed in Section V of the Enclosure to the August 12, 2025, submittal letter.

In the letter dated October 15, 2025, the licensee submitted a supplement to the proposed request for exemption. In the supplement, the licensee requested to increase the previously requested 49-day exemption period for use of the less restrictive work hour limitations to a 60-day exemption period to support the restart activities for Palisades. The licensee stated that it plans to use the additional time under the less restrictive work hour limitations to allow more flexibility for scheduling of covered work tasks and individual work hours to better manage cumulative fatigue. In addition, the licensee stated that the start date of the proposed exemption period of 60 days is being changed from October 24, 2025, to November 3, 2025.

III. Discussion.

Pursuant to 10 CFR 26.9, the Commission may, upon application by any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR Part 26 when the exemptions are authorized by law and will not endanger life or property or the common defense and security; and are otherwise in the public interest.

A. The Exemption is Authorized by Law

The proposed exemption would authorize a one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) to allow the use of the less restrictive work hour controls in 10 CFR 26.205(d)(4) and (d)(5) for up to an additional 60 days, starting on November 3, 2025, to allow the completion of the plant restart activities without violating NRC regulations. As stated, 10 CFR 26.9 allows the NRC to grant exemptions from the requirements of 10 CFR Part 26. The NRC staff has determined that granting the proposed exemption will not result in a violation of the Atomic Energy Act of 1954, as amended, other laws, or the Commission's regulations. Therefore, the exemption is authorized by law.

B. The Exemption Will Not Endanger Life or Property

The purpose of subpart I, "Managing Fatigue," of 10 CFR Part 26 is to ensure that worker fatigue does not compromise the abilities of individuals to perform their duties safely and competently. The purpose of 10 CFR 26.205(d)(4) and (d)(5) is to provide licensees flexibility for a limited period in scheduling required days off while accommodating more intense work schedules associated with a unit outage.

During the proposed exemption period, personnel as described in 10 CFR 26.4(a)(1) through (a)(5) would be permitted to work in accordance with the outage MDO requirements in 10 CFR 26.205(d)(4) and (d)(5) for a 60-day period. In its August 12, 2025, submittal, the licensee proposed two mitigating actions for the exemption period. The first proposed mitigating action is an adequate rest interval; the licensee states that during the exemption period, individuals will have, at a minimum, the rest breaks specified in 10 CFR 26.205(d)(2). The

second proposed mitigating action is assessment for fatigue; the licensee states that the cognizant supervisors will assess each assigned supervised employee for fatigue and mental alertness during the period with less restrictive work hour limitations.

The NRC staff evaluated the proposed mitigating actions and concluded that they were not sufficient to prevent or mitigate cumulative fatigue for those individuals specified in 10 CFR 26.4(a)(1) through (a)(5) during the exemption period for extended use of outage work hour controls. By letter dated October 3, 2025 (ML25280A014), the NRC staff issued a request for confirmatory information (RCI) and a request for additional information (RAI) to request that the licensee provide an explanation of how the current actions will mitigate cumulative fatigue and what other actions will be taken to address fatigue during the 60-day outage period and the exemption period combined for a total period exceeding 100 days of less restrictive work hour limitations.

In its October 15, 2025, supplement, the licensee submitted responses to the RCIs and RAIs confirming that the staff's understanding was accurate in response to the RCIs. In response to the RAI, the licensee stated that no waivers for hours in excess of the outage work hour limits have been required for covered workers. The licensee also completed an audit of the work hours for the affected groups from the beginning of the initial 60-day outage to the end of the outage period. The licensee found that personnel completing duties that fall under Operations (a)(1) and Fire Brigade (a)(3) maintained a schedule pursuant to the non-outage work hour controls until the transition to outage work hour controls. Individuals completing duties that fall under Health Physics (a)(2) and Maintenance (a)(4) maintained a schedule pursuant to 10 CFR 26.205(d)(4) and average fewer than the maximum allowable 72 hours per week. Furthermore, the licensee submitted a commitment in the enclosure to the supplement that states that the licensee will ensure individuals performing duties under 10 CFR 26.4(a)(2) and (a)(4) work no more than 50 hours per week averaged over a 2-week period, between October 20, 2025, and November 2, 2025, prior the start date of the proposed exemption to ensure an

adequate rest and reset period between the end of the outage period and start of the exemption period for the affected groups.

Palisades has been shutdown and in a decommissioning state since 2022. The NRC staff notes that there are no fatigue management requirements for licensees in decommissioning. However, because the licensee is planning to restart the plant, the NRC staff submitted an RAI asking the licensee to describe the 30-day period prior to the start of the outage in order to understand the state of work hour controls in place for plant personnel before entering the outage on August 25, 2025. In response to the RAI, the licensee stated that the following work hour controls were applied at Palisades for the 30-day period before August 25, 2025: controls equivalent to 10 CFR 26.205(d)(1) and 10 CFR 26.205(d)(2)(i); and not to exceed 13 consecutive days of work.

The NRC staff evaluated the work schedules in conjunction with the information provided in the supplement and the RAI response. Personnel performing duties identified by 10 CFR 26.4(a)(1) and (a)(3) have complied with the non-outage work hour controls specified in 10 CFR 26.205(d)(7) prior the outage and will continue to comply until the start of the proposed exemption period. Because these personnel have worked a normal schedule, in accordance with 10 CFR 26.205(d)(7), leading up to the proposed exemption period, the NRC staff determined that administering the minimum days off during the 60-day exemption period in conjunction with the rest breaks in 10 CFR 26.205(d)(2) will allow Palisades to adequately manage cumulative fatigue for these personnel.

Personnel performing duties identified in 10 CFR 26.4(a)(5) have worked 12-hour shifts over a 6-week rotational schedule. However, these personnel have received at least 4 days off in each successive (i.e. non-rolling) 15-day period. In addition, for the 30 days prior to the initial 60-day outage, these personnel have worked a schedule equivalent to the work hour requirements in 10 CFR 26.205(d)(1) and 10 CFR 26.205(d)(2)(i). Furthermore, the licensee stated in the RAI response that this group averaged less than 54 hours per week for the 30 days

prior the initial outage. Because these personnel have worked a normal schedule prior to the outage and have received 4 days off in each non-rolling period leading up to the end of the outage, the NRC staff determined that administering the minimum days off during the 60-day exemption period in conjunction with the rest breaks in 10 CFR 26.205(d)(2) will allow Palisades to adequately manage cumulative fatigue for these personnel.

Based on the information provided by the licensee, individuals performing duties under 10 CFR 26.4(a)(2) and (a)(4) have worked a higher than average number of weekly work hours compared to other personnel during the initial outage period from August 25, 2025, through October 23, 2025. Under 10 CFR 26.4(a)(2), personnel perform duties related to Chemistry and Health Physics. Personnel performing duties related to Chemistry have worked 8 and 9-hour shifts for 5 days followed by 2 consecutive days off during the initial outage period. Some individuals have worked 12-hour shifts for 4 consecutive days followed by 3 days off. Personnel performing duties related to Health Physics have worked 12-hour shifts for 4 consecutive days followed by 1 day off. Management has also provided additional days off where practicable to support fatigue management for this group.

According to the licensee's RAI response, several different positions perform duties under 10 CFR 26.4(a)(4). Seven of twelve positions in the table, titled "Fatigue Management – Group 10 CFR 26.4(a)(4)" in response to RAI 1.d, have worked 10-hour shifts on 5 consecutive days followed by 2 consecutive days off during the initial outage period. Three of the twelve positions have worked 12-hour shifts for 4 consecutive days followed by 3 consecutive days off. Two of the positions have worked 12-hour shifts for 6 consecutive days followed by 1 day off. However, the licensee has provided a commitment to provide additional mitigating actions to personnel performing duties in both 10 CFR 26.4(a)(2) and (a)(4). Per the Enclosure to the RAI response, these individuals will work a maximum of 50 hours for the two weeks prior the proposed exemption period commencing on November 3, 2025. Based on the work schedules provided in the RAI response and the 50-hour limitation over a two week period prior to the

proposed exemption period, personnel covered by 10 CFR 26.4(a)(2) and (a)(4) will receive an adequate rest interval of 16.9 hours per day, which is greater than the minimum 10-hour break between successive work periods and which provides an ample opportunity for personnel to receive a 34-hour break in every nine day period.

The NRC staff determined that the proposed mitigating actions, including the MDO requirements and supervisory fatigue assessments, in combination with a two-week rest period for individuals in those groups who have a higher than the maximum average work hours (personnel performing duties in both 10 CFR 26.4(a)(2) and (a)(4)), will allow the licensee to adequately manage cumulative fatigue during the requested 60-day exemption period. Acute fatigue will be managed using the outage MDO requirements combined with fatigue assessments by supervisors, which is consistent with common practice during unit outages. The NRC staff determined that the proposed mitigating actions will adequately manage acute and cumulative fatigue. Therefore, the exemption will not endanger life or property.

C. The Exemption Will Not Endanger the Common Defense and Security.

The proposed exemption would authorize a one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) to allow the use of the less restrictive work hour controls described in 10 CFR 26.205(d)(4) and (d)(5) for up to an additional 60-days. The proposed exemption is applicable to security personnel who will have, at minimum, 4 days off in each successive (i.e. non-rolling) 15-day period in combination with the minimum rest breaks in 10 CFR 26.205(d)(2) during the exemption period.

One additional factor that the licensee included in the October 15, 2025, supplement and response to the RCIs and RAIs is that security personnel will undergo mandated Force-on-Force exercises as required by 10 CFR Part 73, Appendix B, "General Criteria for Security Personnel", Section II, "Training and Qualifications." While the exercises are not NRC-evaluated, the licensee stated that these exercises are mandated security training and will require security personnel to work overtime shifts due to staffing limitations. In the licensee's

response to the RAI, it was stated that the individuals performing security duties that fall under 10 CFR 26.4(a)(5) maintained a schedule pursuant to 10 CFR 26.205(d)(4). Personnel performing security duties averaged under 54 hours per week during the 30 days prior to the initial 60-day outage and averaged 49.26 hours per week from August 25, 2025, to October 23, 2025. In addition, security personnel will continue to receive the breaks described in 10 CFR 26.205(d)(2)(ii).

The NRC staff observed that meeting the break requirement in 10 CFR 26.205(d)(2)(ii) alone is not sufficient to effectively manage cumulative fatigue, as this provision is meant to be applied in conjunction with the other work hour control measures outlined in 10 CFR 26.205. However, the NRC staff considered the 34-hour break period in conjunction with the fact that, leading up to the 60-day exemption period, security personnel will have worked below the maximum average of 54 hours per week. In addition, prior to the initial 60-day outage period, security personnel will have worked at or below 54 hours per week. Because security personnel will have worked at or below the maximum average prior to the initial outage and will work, on average, 4.74 hours less than the maximum average prior to the proposed exemption period, there is added assurance that the licensee can adequately manage cumulative fatigue by ensuring personnel receive the minimum 34-hour break period prior to the proposed 60-day exemption period. The NRC staff determined that these mitigating actions in conjunction with the reduction in hours worked will prevent cumulative fatigue during the period of the exemption. Therefore, the exemption will not endanger the common defense and security.

D. The Exemption is Otherwise in the Public Interest.

The proposed exemption would authorize a one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) to allow the use of the less restrictive work hour controls described in 10 CFR 26.205(d)(4) and (d)(5) for up to an additional 60 days. In considering whether the requested exemptions would be in the public interest, the NRC staff considered several factors, including:

- the nature of the licensee's unique situation transitioning from decommissioning back to a power operations licensing basis, which requires restoration of safety-related equipment, among other plant restart activities; and
- the public health and safety interests of the communities that are impacted by the safe restart of the plant.

The NRC staff considered the fact that Palisades was in decommissioning status, but the licensee has determined to restart the plant. Palisades has been shut down since May 2022, after which, in 2023, the owner at that time, Holtec Decommissioning International, determined that they planned to pursue plans to restart. This unique situation has required restart-related inspections and repair activities during the outage to ensure the plant will be safe prior to restarting. The NRC staff also considered the licensee's efforts to restart the plant utilizing both the 60-day outage period in combination with the proposed 60-day exemption period to meet their proposed sync to grid date.

The NRC staff considered the balance of public interest considerations, including the potential impacts of not granting the exemption, which could result in the delay of restarting the Palisades Nuclear Plant and could potentially delay the amount of energy available to the surrounding area. The NRC staff also considered the potential impacts resulting from an increase in overall cumulative fatigue due to personnel working longer work hours for an additional 60-day period directly following the expiration of the initial 60-day outage. Furthermore, the licensee has provided adequate mitigating actions through a combination of the MDO requirements, supervisory fatigue assessments, and a two-week rest period for groups of personnel with the highest maximum average work hours. The licensee will have adequately managed fatigue for personnel identified in 10 CFR 26.4(a)(1) through (a)(5) prior to and during the exemption period. Based on these considerations, the NRC staff concluded that there are no expectations for a significant impact on public health and safety as a result of the increase in

cumulative fatigue for the 60-day exemption period. Therefore, the NRC staff finds that approval of the requested exemptions is otherwise in the public interest.

E. Environmental Considerations.

The Commission has determined that granting the proposed one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) involves (1) no significant hazards consideration, (2) no significant change in the types or significant increase in the amounts of any effluents that may be released offsite, (3) no significant increase in individual or cumulative public or occupational radiation exposure, (4) no significant construction impact, and (5) no significant increase in the potential for or consequences from radiological accidents.

(1) Under 10 CFR 50.92(c), there is no significant hazards consideration if the action does not (1) involve a significant increase in the probability or consequences of an accident previously evaluated; or (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 proposed exemption is administrative in nature because it provides an additional period when less restrictive hours can be worked for personnel identified in 10 CFR 26.4(a)(1) through (a)(5). The proposed exemption has no effect on systems, structures, and components (SSCs) and no effect on the capability of the SSCs to perform their design function. The proposed exemption does not make any changes to the facility or operating procedures and does not alter the design, function, or operation of any plant equipment. Therefore, the exemption does not increase the probability or consequences of an accident previously evaluated.

The proposed exemption does not make any changes to the facility or operating procedures and does not alter the design, function, or operation of any plant equipment. Similarly, the proposed exemption does not authorize any physical changes to any SSCs involved in the mitigation of any accidents. Therefore, the exemption does not create the possibility of a new or different kind of accident from any accident previously evaluated.

The proposed exemption does not authorize alteration of the design basis or any safety limits for the plant. The exemption would not impact station operation or any SSC that is relied upon for accident mitigation. Therefore, the exemption does not involve a significant reduction in a margin of safety.

For these reasons, the NRC has determined that approval of the exemption requested involves no significant hazards consideration.

(2) The proposed exemption does not authorize any changes to the design basis requirements for the SSCs at Palisades that function to limit the release of non-radiological effluents, radiological liquid effluents, or radiological gaseous effluents during and following postulated accidents. Additionally, the exemption does not change any requirements with respect to the conduct of radiation surveys and monitoring. Therefore, there is no significant change in the types or significant increase in the amounts of any effluents that may be released offsite.

(3) The proposed exemption does not affect the limits on the release of any radioactive material or the limits provided in 10 CFR Part 20, "Standards for Protection Against Radiation," for radiation exposure to workers or members of the public. Additionally, the exemption will not increase or decrease the amount of work activities that must be completed in order to connect the reactor unit to the electrical grid. Therefore, there is no significant increase in individual or cumulative public or occupational radiation exposure.

(4) The proposed exemption does not involve any changes to a construction permit; Therefore, there is no significant construction impact.

(5) The proposed exemption does not alter any of the assumptions or limits in the licensee's accident analyses. Therefore, there is no significant increase in the potential for or consequences from radiological accidents.

In addition, the requirements from which the exemption are sought involve other requirements of an administrative, managerial, or organizational nature. Accordingly, the

exemption meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(25)(vi)(I). Therefore, in accordance with 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with the NRC's consideration of the exemption request.

IV. Conclusions.

Accordingly, the Commission has determined that, pursuant to 10 CFR 26.9, the exemption is authorized by law, will not endanger life or property or the common defense and security, and is otherwise in the public interest. Therefore, the Commission hereby grants Palisades Energy, LLC a one-time exemption from 10 CFR 26.205(d)(3) and (d)(7) for personnel identified in 10 CFR 26.4(a)(1) through (a)(5) to allow the use of the outage MDO requirements described in 10 CFR 26.205(d)(4) and (d)(5) for a 60-day period starting on November 3, 2025. While the exemption is in effect, Palisades Energy, LLC will ensure that individuals specified in 10 CFR 26.4(a)(1) through (a)(3) have at least 3 days off in each successive (i.e. non-rolling) 15-day period; that individuals specified in 10 CFR 26.4(a)(4) have at least 1 day off in any 7-day period; and that individuals specified in 10 CFR 26.4(a)(5) have at least 4 days off in each successive (i.e. non-rolling) 15-day period. Additionally, Palisades Energy, LLC will use the outage MDO requirements, proposed mitigating actions, and the two-week rest period between the end of the initial outage and start of the exemption period to adequately manage acute and cumulative fatigue for covered personnel during the exemption period. If Palisades Nuclear Plant is connected to the electrical grid prior to the end of the approved 60-day exemption period, the supporting bases for this exemption are no longer met.

Accordingly, the exemption shall end either at the end of the approved 60-day period or at the time when the Palisades Nuclear Plant is connected to the electrical grid, whichever occurs first.

Dated: October 24, 2025

For the Nuclear Regulatory Commission.

Aida Rivera-Varona, Acting Director,
Division of Operating Reactor Licensing,
Office of Nuclear Reactor Regulation.