[7590-01-P]

NUCLEAR REGULATORY COMMISSION

[Docket No. 50-255; NRC-2026-3136]

Palisades Energy, LLC;

Palisades Nuclear Plant;

Exemption

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice; issuance.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) has issued an exemption in response to a request dated May 27, 2026, as supplemented on June 4, 2026, and June 13, 2026, from Palisades Energy, LLC. The exemption authorizes a one-time exemption for the Palisades Nuclear Plant to allow the use of the less restrictive work hour limitations described in the NRC regulations until 9 days before the start of the unit's initial fuel load into the reactor for various covered individuals as described in the exemption.

DATE: The exemption was issued on June 18, 2026.

ADDRESSES: Please refer to Docket ID NRC-2026-3136 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 Website:** Go to https://www.regulations.gov and search for Docket ID NRC-2026-3136. Address questions about Docket IDs in Regulations.gov to Bridget Curran; telephone: 301-415-1003; email: Bridget.Curran@nrc.gov. For technical questions, contact the individuals 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 ADAMS Public Search." For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1-800-397-4209, at 301-415-4737, or by email to PDR.Resource@nrc.gov. The exemption is available in ADAMS under Accession No. ML26147A163, and the supplements are available at ML26155A278 and ML26167A029, respectively.

- **NRC's PDR:** The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to PDR.Resource@nrc.gov or call 1-800-397-4209 or 301-415-4737, between 8 a.m. and 4 p.m. eastern time (ET), Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Marlayna V. Doell, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001; telephone: 301-415-3178; email: Marlayna.Doell@nrc.gov.

SUPPLEMENTARY INFORMATION: The text of the exemption is attached.

Authority: 42 U.S.C. 2011 *et seq.*

Dated: June 18, 2026.

For the Nuclear Regulatory Commission.

/RA/

Marlayna Doell, Project Manager,
Operating Reactor Licensing Branch 3,
Division of Licensing Projects 1,
Office of Nuclear Reactor Regulation.

Attachment – Exemption

NUCLEAR REGULATORY COMMISSION

Docket No. 50-255

Palisades Energy, LLC

Palisades Nuclear Plant

Exemption

I. Background.

Palisades Energy, LLC (Palisades Energy, 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, Michigan.

Palisades Energy became subject to the work hour requirements in Title 10 of the *Code of Federal Regulations* (10 CFR) Part 26, "Fitness for Duty Programs," Section 26.205, "Work hours," after Palisades entered an outage status on August 25, 2025. The regulatory history of the Palisades restart effort as it relates to the work hours requirements is presented in the exemption issued on March 18, 2026 (91 Federal Register [FR] 13073). In summary, pursuant to 10 CFR 26.205(d)(4), during the first 60 days of a unit outage licenses are permitted to use the work hours controls specified in 10 CFR 26.205(d)(4) in lieu of the normal work hour controls in 10 CFR 26.205(d)(3) or (d)(7). Following the initial 60-day outage period, Palisades Energy submitted three sequential exemptions from the work hour requirements in 10 CFR 26.205(d)(3) and (d)(7). Each exemption requested the NRC grant an exemption for an additional 60-day

period, such that the licensee could continue to use the outage work hours controls specified in 10 CFR 26.205(d)(4) in lieu of the normal work hour controls in 10 CFR 26.205(d)(3) and (d)(7). The licensee asserted that the reason for the previously requested exemptions was to support completion of restart activities for the plant.

The NRC approved the previous exemptions to permit the use of the less restrictive outage work hour limits, as supplemented, each time. The initial less restrictive work hour limits period at Palisades started on August 25, 2025, and lasted until October 23, 2025, followed by the first exemption period lasting from November 3, 2025, to January 1, 2026, subsequently followed by the second exemption period lasting from January 6, 2026, to March 6, 2026, and lastly followed by the third exemption period lasting from April 4, 2026, to June 2, 2026. However, between each successive exemption the licensee committed to increasingly more mitigative actions to minimize the cumulative fatigue in the workforce over the 9-month period since August 2025. In the issuance for each exemption, the NRC staff stressed that the Palisades restart project is a first-of-a-kind activity, and the exemptions were granted with specific consideration of the hours worked by each work group prior to the issuance of each exemption. In addition, the staff noted that fatigue is cumulative, and each request for an exemption was evaluated on a case-by-case basis specific to the circumstances of the facility in light of the mitigation measures proposed to manage acute and cumulative fatigue, the timing between outage work hour schedules, and the hours worked by individuals.

The third exemption was extended by letter dated June 5, 2026 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML26156A112), and concludes upon the NRC staff's final determination on this exemption request.

II. Request/Action.

By letter dated May 27, 2026 (ML26147A163), the licensee requested a one-time exemption from the Fitness for Duty (FFD) Program requirements in Paragraph (a) of 10 CFR 26.3, “Scope,” pursuant to 10 CFR 26.9, “Specific exemptions.” Specifically, the licensee requested a schedular exemption from the requirements of 10 CFR 26.3(a) to allow Palisades Energy to defer implementation of the work hour controls in Subpart I, ”Managing Fatigue,” of 10 CFR Part 26 until 9 calendar days before the start of the unit’s initial fuel load into the reactor with several mitigating measures that are proposed in the exemption request. The exemption is requested to apply to individuals performing duties specified in 10 CFR 26.4(a)(1) Operations, (a)(2) Health Physics or Chemistry, (a)(3) Fire Brigade, and (a)(4) Maintenance starting on the day the exemption is issued and terminating 9 calendar days prior to initial fuel load. Based on the mitigating measures proposed, the NRC staff determined that the licensee was requesting a limited exemption from the work hour requirements specified in 10 CFR 26.205(d)(3) and (d)(7). The licensee clarified and confirmed in an email to the NRC on June 13, 2026 (ML26167A029), that the proposed exemption would be a tailored exemption from the work hour requirements specified in 10 CFR 26.205(d)(3) and (d)(7). Palisades Energy stated that they will continue to comply with the remaining provisions and requirements of 10 CFR Part 26 for the duration of the exemption period.

The licensee is subject to the work hour requirements in 10 CFR Part 26, Subpart I. Previously, the licensee submitted a series of licensing and regulatory actions to restore the plant’s licensing basis to the one in effect just prior to permanent shutdown, including an exemption (ML23271A140) to rescind the certifications of permanent cessation of operations and permanent removal of fuel from the reactor vessel. The NRC approved these actions concurrently on July 24, 2025, including the exemption (ML25196A089) to reauthorize power operations at Palisades. The licensee

implemented the exemption (ML25237A317) on August 25, 2025, to obtain the authority to operate. The authority to operate, combined with the presence of fuel assemblies on site, subjects a 10 CFR Part 50 licensee to more rigorous FFD requirements. Palisades Energy is currently in possession of both new fuel assemblies and spent fuel located in the spent fuel pool (SFP), which increases the radiological risk associated with the plant when compared to a plant with only new fuel assemblies on site or a site under construction. Furthermore, there is activated material containing residual radioactivity in the controlled area from prior nuclear operations at Palisades. Palisades Energy has submitted the current exemption to support the remaining outage and restart activities, which the licensee states need to be completed before initial fuel load.

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 exemption, as tailored, would authorize a one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) for personnel performing duties under 10 CFR 26.4(a)(1), (a)(2), (a)(3), and (a)(4) for the duration of the exemption period until 9 days before the start of the unit's initial fuel load into the reactor to allow completion of restart activities at Palisades without violating NRC regulations. The exemption is applicable to individuals performing duties specified in 10 CFR 26.4(a)(1), (a)(2), (a)(3), and (a)(4). As stated, 10 CFR 26.9 allows the NRC to grant exemptions from the requirements of 10 CFR Part 26. After reviewing the exemption, 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 exemption would authorize a tailored one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) for personnel performing duties under 10 CFR 26.4(a)(1), (a)(2), (a)(3), and (a)(4) for the duration of the exemption period until 9 days before the start of the unit's initial fuel load into the reactor to support final restart activities. The proposed exemption from the requirement in 10 CFR 26.3(a) would allow Palisades Energy to defer implementation of their FFD program until 9 calendar days before the start of the unit's initial fuel load into the reactor. In the submittal, the licensee re-evaluated the duration necessary to support the remaining restart and outage activities, determining that a fourth exemption would be required. Palisades Energy asserted that "the requested exemption period will provide necessary flexibility in scheduling covered work activities and personnel resources during the final stages of pre-fuel-load restart work." The licensee stated that the flexibility provided during the exemption would support effective management of cumulative fatigue while allowing critical restoration, testing, and configuration activities to be completed safely and efficiently. Furthermore, the licensee asserted that the "proposed exemption supports maintaining the ability of covered individuals to perform their duties safely, competently, and with appropriate attention to human performance considerations."

Based on the initial submittal, the NRC staff understood Palisades Energy's proposed deferral of its implementation of the FFD program at Palisades, as described in the proposed exemption request, to refer specifically to the implementation of the work hour control requirements in Subpart I of 10 CFR Part 26. However, the staff issued a request for confirmatory information (RCI) on June 4, 2026, to be sure that no other 10

CFR Part 26 requirements were requested to be deferred in this exemption (ML26159A267). The licensee confirmed the staff's understanding in a response to the RCI on June 4, 2026, stating that "the one-time exemption would allow Palisades Energy to defer implementation of the work hour controls contained in 10 CFR Part 26, Subpart I, until 9 calendar days before the start of initial fuel load into the reactor, in lieu of implementing those requirements before receipt of special nuclear material in the form of fuel assemblies as specified in 10 CFR 26.3(a)" (ML26155A278). Additionally, Palisades Energy confirmed that the schedular exemption does not request a relaxation in the other FFD program requirements specified in 10 CFR Part 26 Subparts A through H, N, and O. Palisades personnel in this exemption who receive unescorted access per 10 CFR 26.4, "FFD program applicability to categories of individuals," will continue to comply with the applicable regulations in 10 CFR Part 26, except for Subpart I, which will ensure that individuals remain fit for duty and free of any substance or cause that adversely affects or degrades alertness for individuals' abilities to safely and competently perform their duties.

On June 12, 2026, the NRC staff requested further clarification from the licensee to understand the intent of the exemption request. Specifically, the staff asked the licensee if 10 CFR 26.3(a) would be the appropriate requirement from which to grant an exemption. Based on the mitigation measures proposed in the initial exemption, it is the staff's understanding that it was the licensee's intention to obtain a similar exemption to the previous exemptions that provided exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7). In contrast to the previous exemptions, the licensee requested to extend the duration of the current exemption until 9 calendar days before initial fuel load in the unit's reactor. The licensee provided a response electronically to the NRC on June 13, 2026, stating that they understand that the exemption would be reviewed as a

tailored exemption from work hour requirements specified in 10 CFR 26.205(d)(3) and (d)(7) rather than the entirety of 10 CFR 26, Subpart I. Palisades Energy stated that they will continue to comply with the remaining provisions and requirements of 10 CFR Part 26 for the duration of the exemption period.

The exemption allows the licensee to continue to use the outage work hour controls in Subpart I of 10 CFR Part 26 until 9 calendar days before the start of the unit's initial fuel load into the reactor for specific personnel. The exemption request will apply to personnel performing duties described in 10 CFR 26.4(a)(1) Operations, (a)(2) Health Physics or Chemistry, (a)(3) Fire Brigade, and (a)(4) Maintenance. Palisades Energy stated that these personnel would support remaining work activities to support safe restart including equipment restoration, integrated testing, configuration management, emergent corrective activities, inspections, troubleshooting, post-maintenance testing, and system turnover activities. In addition, the licensee noted that these activities are inherently difficult to schedule with precision and that the exact duration necessary to complete the remaining pre-fuel-load activities cannot be accurately predicted due to the potential for discovery of emergent conditions.

Palisades Energy stated that the major remaining work prior to fuel load includes instrument air compressor replacement, main feed pump turbine rotor replacement, fuel handling system upgrades, switchyard restoration activities, and valve maintenance and restoration work. Palisades Energy stated that these activities often require discovery and resolution of previously unidentified conditions. In addition, the licensee noted that completion of one activity can establish prerequisites for subsequent testing or restoration activities; this may lead to schedule uncertainty that cannot be fully resolved in advance.

The licensee stated that the requested exemption period is limited to pre-fuel-

load restart activities while the reactor remains defueled and the plant is not operating in a licensed operating mode. During the requested exemption, the licensee noted that there will be no fuel loaded into the reactor vessel. Palisades Energy asserted that, as a result of there being no fuel in the reactor vessel, there was no risk associated with reactor criticality, power operation, or fuel damage resulting from reactor operations. As described earlier, the remaining activities to be completed are primarily focused on maintenance, restoration, modification, testing, and equipment turnover activities. The licensee noted that these activities continue to require appropriate human performance and supervisory controls. However, Palisades Energy asserted that the plant condition during the requested exemption period presents “substantially lower nuclear safety risk than fueled or operating conditions.”

The NRC staff note that repetitive successive exemptions from the 10 CFR Part 26 work hour requirements is not common practice. The staff previously assessed the safety basis of work hour exemptions requested for Palisades as having the same risk of an operating plant in an outage. The NRC staff evaluated each successive exemption based on the escalating mitigative measures to address the risk profile of workers at an operating plant accumulating significant cumulative fatigue. However, after the third exemption, the staff reconsidered the nuclear safety risk of these exemptions. Therefore, the NRC staff conducted a risk assessment for the current exemption using supporting data from the U.S. NRC Level 3 Probabilistic Risk Assessment (L3PRA) Project (ML26078A044), currently in draft, to evaluate the risk profile of the current fuel configuration and plant status at Palisades. While the L3PRA project is in draft, its underlying data is sufficient to support the staff’s analysis of this exemption.

The NRC staff considered that restart activities at a previously decommissioning power reactor have an increased radiological risk compared to a site under construction

because there may be spent fuel in the SFP or residual radioactivity in various structures, systems, and components (SSCs) that were in use during the plant's operation. The staff note that there are unique radiological risks associated with restart operations at previously decommissioning nuclear power reactors; however, the nuclear safety risk to the public health and safety as it relates to offsite consequences is considerably lower when compared to operating reactors because the core is not loaded, the spent fuel at Palisades has not been recently irradiated, and the spent fuel has had considerable time to cool. The staff note that the NRC considers spent fuel to be typically cooled for at least five years before transfer to dry storage (ML050110277). At the time of this exemption request, the Palisades spent fuel has been cooling for at least 4 years since the NRC docketed the licensee's 10 CFR 50.82(a) decommissioning certifications. The NRC staff determined that because the spent fuel has been cooling for at least 4 years, it represents alower risk to public health and safety than recently irradiated fuel..

Paragraph 26.3(a) of 10 CFR, states, in part, that licensees who are authorized to operate a nuclear power reactor shall comply with the requirements of this part and implement the FFD program before the receipt of fuel assemblies. In the section-by-section analysis for the 2008 final rule establishing the requirements in 10 CFR 26.3(a), the NRC stated that "once fuel assemblies have arrived on site, the full range of potential risks to public health and safety and the common defense and security that Part 26 is designed to avert are possible. Therefore, the NRC believes that a more rigorous FFD program must be in place at this time" (73 FR 16966; March 31, 2008). Because Palisades has a combination of irradiated nuclear fuel on site, residual radioactivity from prior operations, and the present authority to operate, the risk to public health and safety is higher compared to a licensee engaging in construction or decommissioning

individually.

Under the current regulatory framework for 10 CFR Part 26, certain licensees or entities may not have to comply with Subpart I or Subpart K, “FFD Program for Construction.” Licensees or entities who do not have to comply with Subpart I include combined license (COL) applicants with a limited work authorization, COL holders before the Commission has made a finding under Paragraph (g) of 10 CFR 52.103, “Operation under a combined license,” construction permit (CP) applicants, CP holders, and early site permit holders as described in 10 CFR 26.3(c). Additionally, individuals with unescorted access specified in 10 CFR 26.4(a) do not comply with Subpart I until the licensee receives the authority to operate and has receipt of fuel assemblies, except for security personnel in 10 CFR 26.4(a)(5) who comply with Subpart I upon receipt of fuel assemblies. In addition, licensees who fall under 10 CFR Part 70, “Domestic Licensing of Special Nuclear Material,” do not have to comply with either Subpart I or K as described in 10 CFR 26.3(b). Licensees or entities who do not have to comply with Subpart K include those who receive authority to operate or have a COL where the Commission has made a finding under 10 CFR 52.103(g).

Palisades was a decommissioning nuclear power plant that did not have the authority to operate after the licensee certified permanent cessation of operations and permanent removal of fuel from the reactor vessel in 2022 (ML22164A067), which meant the plant no longer fell under the scope requirements of 10 CFR 26.3(a). Decommissioning reactors do not have the authority to operate, meaning they also do not have to comply with the work hour controls in 10 CFR Part 26, Subpart I. However, upon reactivation of the Palisades power operations license on August 25, 2025, the licensee had both fuel assemblies and the authority to operate. Therefore, the regulations in Subpart I of 10 CFR Part 26 immediately applied.

Based on the plant configuration of Palisades, the most significant immediate nuclear safety risk to the public health and safety is associated with the SFP. The plant currently has both spent fuel and new fuel assemblies in the spent fuel pool. The introduction of irradiated nuclear fuel that is placed in a configuration and environment that enables reactor operation, such as placing the fuel into the reactor vessel, introduces further nuclear safety risks from the current plant configuration. In the supporting data used by the staff for the exemption, the U.S. NRC L3PRA project determined that the Spent Fuel Uncovery Frequency is 6.1E-7 for a two-unit pressurized-water reactor reference plant, which is a much larger reactor footprint than the single unit Palisades facility. This frequency represents a very low probability that the spent fuel will uncover within a year for an operating reactor. Furthermore, because the spent fuel at Palisades has had significant time to cool, the time needed for a potential release from an initiating event would be much longer and the potential release would be significantly lower than what was considered in the L3PRA data. Compared to a plant under construction, this is an increase in radiological risk, but the risk level is significantly lower than a reactor at power or in a refueling outage.

The NRC staff also note that because Palisades was an operating nuclear power reactor prior to decommissioning, the radiological risk to personnel engaging in restart activities is not zero because irradiated material may remain in existing SSCs. The irradiated material in existing SSCs at Palisades is equivalent to the level of irradiated material during decommissioning, in which there are no work hour control requirements. However, the activities and the scope of work associated with the restart effort is different from decommissioning. At Palisades, the personnel engaging in restart activities are actively working to return these existing and irradiated SSCs to service, which may cause the plant personnel to be exposed to radiation while performing

restoration of SSCs in a different manner than during decommissioning activities. While performing the restoration of SSCs, plant personnel may be required to enter into high radiation environments that they would not enter during either operations, refueling, or decommissioning activities. Furthermore, these restoration activities have the potential to introduce latent defects that could become operational issues.

The combination of the risks associated with refurbishment activities in support of restart while working among SSCs that may have residual radioactivity causes the radiological risks to be cumulatively higher than both decommissioning and construction activities individually. The NRC staff notes that the continued applicability of the 10 CFR Part 26, Subpart I work hours controls requirements with a tailored exemption to the requirements in 10 CFR 26.206(d)(3) and (d)(7) is more restrictive than would be present during either decommissioning or construction.

Through the staff's risk assessment, the NRC determined that there is no risk from reactor criticality, power operations, or fuel damage as a result of power operations. However, within the SFP, the risk of fuel damage is not zero. Spent fuel continues to have some level of radiation, which is a risk for the personnel on site but represents a lower risk to the public health and safety due to the duration of cooling. Similarly, spent fuel or new fuel can be damaged as a result of being moved or dropped if manipulated inappropriately within the SFP. However, the risk to the public health and safety is considerably lower given the duration of time the spent fuel has cooled. Based on these considerations, the NRC staff determined that due to the plant configuration and risk considerations for Palisades, the exemption presents substantially less nuclear safety risk to the public health and safety than an operating reactor because the spent fuel at Palisades has had considerable time to cool and is not recently irradiated.

Palisades Energy provided a mitigation strategy containing several mitigating

actions and three commitments in the exemption request. The licensee asserted that Palisades Energy will "reasonably manage acute and cumulative fatigue during the restart period through administrative controls, supervisory oversight, work management processes, and fitness for duty program implementation." For managing acute and cumulative fatigue during restart activities, the licensee proposed three commitments for the duration of the exemption: 1) individuals performing duties in 10 CFR 26.4(a)(1), (a)(2), (a)(3), and (4) will remain subject to the requirements specified in 10 CFR 26.205(d)(1), (d)(2), and (d)(4), 2) individuals in 10 CFR 26.4(a)(1), (a)(2), (a)(3), and (a)(4) will transition to compliance with 10 CFR Part 26, Subpart I 9 calendar days prior to initial fuel loading, and 3) Palisades Energy will dedicate a portion of weekly supervisory observations to fatigue awareness, fatigue indicators, fitness-for-duty behaviors, and worker readiness. The other mitigating actions in the licensee's submittal include: scheduling practices intended to provide reasonable opportunities for restorative sleep; monitoring of extended work durations, consecutive workdays, and shift rotations; periodic management assessment of organizational workload and staffing adequacy; use of additional qualified personnel and supplemental resources as necessary; evaluation of fatigue-related concerns entered into the corrective action program; and continued use of established procedures and programs.

The licensee has also provided behavioral observation program enhancements during the period of the exemption to "compensate for the temporary absence of work hour controls" under certain portions of 10 CFR Part 26, Subpart I. These enhancements include: a commitment to dedicate a portion of weekly supervisory observations to fatigue awareness, fatigue indicators, FFD behaviors, and worker readiness; increased supervisory and management engagement in the field; reinforcement of individual responsibility to identify and report signs of fatigue; and reinforcement of stop-work

authority and conservative decision making. Palisades Energy stated that when fatigue concerns are identified, supervisors will take actions commensurate with the observed condition. Actions may include additional monitoring, temporary work restrictions, removal from safety-significant activities, schedule modification, or time off to obtain restorative sleep prior to returning to duty. Lastly, regarding scheduling, the licensee asserted that it will continue to maintain work hours for covered individuals as low as reasonably achievable.

The NRC staff evaluated the content of the exemption request, the unique conditions of the activities to restart a reactor previously in decommissioning status, and mitigating actions. The staff notes that the mitigating actions, as stated, indicated that the licensee intends to continue to comply with 10 CFR Part 26, Subpart I. Based on this, the licensee confirmed it was only seeking an exemption from 10 CFR 26.205(d)(3) and (d)(7) and that it was not seeking an exemption from the remainder of 10 CFR Part 26, Subpart I. Based on the information provided in the submittal and the continued applicability of 10 CFR Part 26, Subpart I, individuals identified in 10 CFR 26.4(a)(1), (a)(2), (a)(3), and (a)(4) will, at a minimum, continue to perform restart activities until 9 days before initial fuel load using the outage work hour controls in 10 CFR 26.205(d)(4), the maximum work hour limitations in 10 CFR 26.205(d)(1), and the rest breaks in 10 CFR 26.205(d)(2).

The licensee indicated that initial fuel loading is scheduled for September 2026. However, as Palisades Energy has indicated, scheduling with precision is difficult, thus it is possible that the scheduled date may be modified based on the progress of restart activities, which could lead to a shorter or longer exemption period.

The NRC staff reviewed the mitigating actions and evaluated them against the risk profile of Palisades. The commitments which Palisades Energy intends to address

fatigue management concerns during the exemption period are: 1) a commitment to comply with 10 CFR 26.205(d)(1), (d)(2), and (d)(4); 2) a commitment to dedicate a portion of weekly supervisory observations to fatigue; and 3) the commitment to return to compliance with normal work hour controls 9 calendar days prior to initial fuel load. The first two mitigating actions are a requirement for all licensees subject to Subpart I of 10 CFR Part 26, which Palisades Energy will continue to be subject to during this exemption period. The third mitigating action is a requirement that provides a limited exception from 10 CFR 26.205(d)(3) or (d)(7) for 60-days, usually for unit outages. The NRC staff notes that, because these commitments are existing requirements in 10 CF Part 26 for operating reactors, compliance with the NRC regulations provides reasonable assurance in normal operating conditions.

However, while Palisades is not in normal operating conditions, the licensee recognized the need for the ongoing restart activities to have an appropriate level of human performance and supervisory controls provided by the Subpart I requirements in 10 CFR Part 26. Palisades Energy therefore requested a new exemption to extend the duration of the 10 CFR 26.205(d)(4) outage work hours controls until 9 days before initial fuel loading. During the 9 days before initial fuel loading, the licensee has committed to a mitigating action that aligns with the 9-day lookback period in 10 CFR 26.205(d)(2)(ii), which requires individuals to receive a minimum 34-hour break in any 9-day period. By complying with the 10 CFR Part 26, Subpart I work hour controls in full at least 9 days before initial fuel load, the licensee ensures that individuals performing safety-significant work have adequate rest immediately prior to fuel load, whereupon plant risk increases.

In considering the question of risk level and the commensurate level of mitigating actions appropriate to the unique plant circumstances at Palisades, the NRC staff considered a CP holder, a CP holder after fuel has been received, a decommissioning

power reactor, a power reactor in a refueling outage, and an operating reactor. The Subpart I work hour controls do not apply to licensees with a CP, who fall under Subpart K of 10 CFR Part 26. CP holders who receive fuel assemblies begin to comply with work hour controls, but only for security personnel. When Palisades entered decommissioning, it no longer fell under the requirements of 10 CFR Part 26; however, upon reactivating the power operations licensing basis, 10 CFR Part 26, Subpart I immediately applied. The staff determined that the potential nuclear safety risk to public health and safety was lower when compared to an operating reactor but higher than during decommissioning and construction. The risk level is significantly low enough to reasonably consider that the risk posed to public health and safety can be adequately managed by the licensee through its compliance with the requirements applicable for outage work hour controls in 10 CFR Part 26, Subpart I for the duration of the exemption for the covered individuals. The continued applicability of the 10 CFR Part 26, Subpart I work hour requirements, with this tailored exemption, is more restrictive than a licensee with a CP after receiving fuel would have to comply with, or a nuclear power reactor in decommissioning. However, because Palisades is a licensed 10 CFR Part 50 operating reactor, 10 CFR Part 26, Subpart I still applies in full to all personnel outside the scope of the proposed exemption.

Based on the unique circumstances associated with restarting a decommissioning power reactor and the NRC's risk assessment given the fuel configuration, the staff conclude that the resulting fatigue during the exemption period and the potential for human error as a result of fatigue has a minimal likelihood of resulting in immediate radiological consequences that could impact offsite public health and safety.

The Palisades exemption request is a tailored and limited exemption to specific

requirements in 10 CFR Part 26, Subpart I to use the outage work hour controls. The continued applicability of the remainder of 10 CFR Part 26, Subpart I provides assurance that Palisades Energy will reasonably manage acute and cumulative fatigue to ensure individuals are able to safely and competently perform their duties commensurate with the risk specific to the Palisades restart and their importance to public health and safety. Therefore, based on the staff's risk assessment, continued applicability of the remainder of Subpart I to 10 CFR Part 26, and the unique circumstances of restarting a decommissioning power reactor, the NRC determined that fatigue will be adequately managed for all specified personnel in the exemption request based on the risk profile of the plant during restart activities prior to fuel load and the requested one-time exemption will not endanger life or property.

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

The exemption would authorize a tailored one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) for the duration of the exemption period until 9 days before the start of the unit's initial fuel load into the reactor. The licensee noted that individuals performing duties in 10 CFR 26.4(a)(5) are not within the scope of the exemption request. In response to the NRC staff's RCI, Palisades Energy confirmed there will be no change to compliance with 10 CFR Part 26, Subparts A through H, N and O. Furthermore, the licensee will remain subject to all other requirements in 10 CFR Part 26, Subpart I not included in this exemption. Nor does the request have any relation to, or impact on, security issues. Therefore, the exemption will not endanger the common defense and security.

D. The Exemption is Otherwise in the Public Interest.

The proposed, and appropriately tailored, exemption would authorize a one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) for personnel

performing duties under 10 CFR 26.4(a)(1), (a)(2), (a)(3), and (a)(4) for the duration of the exemption period until 9 days before the start of the unit's initial fuel load into the reactor to support final restart activities. In considering whether the requested exemption would be in the public interest, the NRC 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 nature of the licensee's unique situation as a first-of-a-kind project involving the transition of a nuclear power reactor from decommissioning status to power operations. Palisades Energy indicated that the remaining work activities prior to fuel load include equipment restoration, integrated testing, configuration management, and emergent corrective maintenance activities. The licensee asserted that the approval of the exemption would be in the public interest "because it supports the safe and orderly completion of remaining pre-fuel-load restart activities while maintaining appropriate fatigue management controls and experienced work teams." In addition, Palisades Energy stated the scheduling flexibility would support continuity of work activities and allow plant management to more effectively manage cumulative fatigue during the final stages of restart preparation.

Additionally, Palisades Energy asserted that maintaining limited flexibility under the less restrictive outage work hour controls described in 10 CFR 26.205(d)(4) is necessary to safely complete the remaining restart work and respond appropriately to emergent conditions without introducing unnecessary schedule-driven risk. The licensee stated that imposing online work hour controls during this period could "require additional

personnel turnover, reduced schedule continuity, or reassignment of experienced workers during critical restoration and testing activities." Palisades Energy also asserted that the imposition of online work hour controls could adversely affect human performance, configuration control, work coordination, and troubleshooting effectiveness during final plant restoration activities.

Under the proposed exemption, personnel would be able to continue to utilize the outage work hour controls in 10 CFR 26.205(d)(4) until 9 days before initial fuel load. The licensee considers that the "scheduling flexibility" provided by the outage work controls supports more effective management of cumulative fatigue. The NRC staff disagrees that further use of the outage work hour controls support the intent and purpose of 10 CFR Part 26, Subpart I. However, the nature and associated risk of returning a decommissioning plant to power operations was not considered during the development of the 2008 final rule for 10 CFR Part 26. Palisades is in the unique position of being a licensed nuclear power reactor but falling into a risk profile somewhere between a construction site, a decommissioning site, a refueling outage, and an operating reactor. While Palisades is not a construction site, the NRC staff's risk assessment found that the risk of offsite consequences to public health and safety from a decommissioning plant being actively returned to power operations is considerably lower than an operating reactor. For personnel on site, the possibility of radiological exposure is higher than compared to a site under construction or in decommissioning because there are irradiated materials on site from prior operations, but for the public health and safety around the plant the radiological risk is substantially lower when compared to an operating plant.

The NRC staff also considered the balance of public interest considerations, including the potential impacts of not granting the fourth 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 FFD requirements in 10 CFR Part 26 take a graded approach by imposing requirements that are commensurate with maintaining public health and safety and the common defense and security. The underlying purpose of the work hour requirements in 10 CFR Part 26, Subpart I, as they apply to an operating reactor, such as Palisades, is to ensure that individuals performing duties that could affect public health and safety or the common defense and security obtain adequate rest, and that their fatigue is adequately managed to reduce the incidence of human errors. For these operating power plants, reliable human performance is necessary to mitigate the potential for an accident across a range of plant conditions including recently and highly irradiated fuel either in the reactor core or in the SFP. However, even though Palisades is an operating reactor, the NRC staff has analyzed the risk profile of the current configuration of the plant and determined that the granting of this exemption would not endanger life or property in Section III.B of this exemption.

Unlike an operating reactor, the reactor vessel at Palisades is still defueled and the irradiated spent fuel held in the SFP has cooled since the docketed certifications for permanent cessation of operations and permanent removal of fuel from the reactor vessel on May 20, 2022, and June 10, 2022, respectively. As the spent fuel has not been recently irradiated, the spent fuel on site has a significantly lower nuclear safety risk to public health and safety. Specifically, the NRC staff notes that the risk posed to the public health and safety is greater than a CP holder upon receipt of fuel assemblies and a nuclear power reactor in decommissioning, but lower than an operating reactor because the spent fuel has had significant time to cool and the reactor is not fueled. Additionally, because there is activated material at Palisades from previous operations,

there are unique risks associated with returning SSCs to an operable status while working in areas with various levels of radioactivity. The staff evaluated the unique nature of the Palisades restart project, the continued applicability of the remaining requirements of 10 CFR 26, Subpart I, and the remaining work activities against the risk profile of the plant and the balance of public interest considerations. The NRC determined that applying a graded approach to FFD requirements that accounts for the nuclear safety risk of the plant configuration would be in the public interest until 9 days before fuel load. Therefore, the NRC staff finds that approval of the requested exemption is otherwise in the public interest.

E. Environmental Considerations.

This action relates to changes to scheduling requirements. The NRC staff has determined that any ground disturbance is limited to previously disturbed areas. Additionally, the NRC staff has determined that the action involves no significant change in the types or significant increase in the amounts of any effluents that may be released offsite, no significant increase in individual or cumulative public or occupational radiation exposure, and no significant increase in the potential for or consequences from radiological accidents. Finally, the NRC staff has determined that a categorical exclusion applies and that special circumstances under 10 CFR 51.22, “Categorical exclusions,” are not present that would preclude reliance on the categorical exclusion. Accordingly, this action meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(d)(5). Pursuant to 10 CFR 51.22, no environmental impact statement or environmental assessment need be prepared in connection with the action.

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 tailored one-time exemption from 10 CFR 26.205(d)(3) and (d)(7) for personnel performing duties under 10 CFR 26.4(a)(1), (a)(2), (a)(3), and (a)(4) for the duration of the exemption period until 9 days before the start of the unit's initial fuel load into the reactor. For the personnel specified, Palisades Energy will ensure that individuals comply with the work hour control requirements specified in 10 CFR 26.205(d)(1), (d)(2), and (d)(4) for the duration of the exemption. In addition, Palisades Energy will comply with the three commitments in Attachment 2 of the Enclosure to the May 27, 2026, submittal and all mitigating actions listed under the section titled "Mitigating Strategy" for the duration of the exemption period.

The Palisades restart project is a first-of-a-kind activity where a nuclear power plant in decommissioning status is being returned to operational status. The current exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) directly supports activities unique to the Palisades restart project for specific groups of personnel, with particular consideration for the potential risk level of the plant to the public health and safety. Each request for an exemption from the requirements specified in 10 CFR 26.205(d)(3) or (d)(7) are evaluated on a case-by-case basis specific to the circumstances of the facility, the risk level to public health and safety, and the mitigation measures.

Dated: June 18, 2026.

For the Nuclear Regulatory Commission.

/RA/

Hipolito Gonzalez, Acting Director,
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