



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

July 16, 2026

Mr. Joseph Quinn
Vice President, Fleet Support
Tennessee Valley Authority
1101 Market Street, LP 4A-C
Chattanooga, TN 37402-2801

SUBJECT: WATTS BAR NUCLEAR PLANT, UNITS 1 AND 2 – EXEMPTION FROM REQUIREMENTS OF 10 CFR 54.23, "CONTENTS OF APPLICATION-- ENVIRONMENTAL INFORMATION," AND 10 CFR PART 51.53(c), "POSTCONSTRUCTION ENVIRONMENTAL REPORTS - OPERATING LICENSE RENEWAL STAGE" (EPID L-2026-LLE-0007)

Dear Mr. Quinn:

The U.S. Nuclear Regulatory Commission (the Commission) has approved the enclosed exemption from specific requirements of Title 10 of the *Code of Federal Regulations* Sections 54.23 and 51.53(c). This action is in response to your letter dated February 3, 2026. A summary of the exemption will be included in a forthcoming *Federal Register* notice.

Sincerely,

/RA/

Kimberly J. Green, Senior Project Manager
Operating Reactor Licensing Branch 4
Division of Licensing Projects I
Office of Nuclear Reactor Regulation

Docket Nos. 50-390 and 50-391

Enclosure:
Exemption

cc: Listserv



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

EXEMPTION FROM REQUIREMENTS OF 10 CFR 54.23
REGARDING CONTENTS OF APPLICATION-ENVIRONMENTAL INFORMATION
AND 10 CFR 51.53(c) REGARDING POSTCONSTRUCTION
ENVIRONMENTAL REPORTS
TENNESSEE VALLEY AUTHORITY
WATTS BAR NUCLEAR PLANT, UNITS 1 AND 2
DOCKET NOS. 50-390 AND 50-391

1.0 BACKGROUND

The Tennessee Valley Authority (TVA, the licensee) is the holder of Facility Operating License Nos. NPF-90 and NPF-96 for Watts Bar Nuclear Plant (WBN), Units 1 and 2, respectively. WBN, Units 1 and 2, are collocated in Spring City, Tennessee. The licenses provide, among other things, that the facilities are subject to all applicable provisions of the Atomic Energy Act of 1954, as amended, and to the rules, regulations, and orders of the U.S. Nuclear Regulatory Commission (NRC, the Commission) now or hereafter in effect.

2.0 REQUEST/ACTION

By letter dated February 3, 2026 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML26034C383), TVA, pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) 54.15, "Specific exemptions," and 50.12 "Specific exemptions," requested an exemption from the specific requirements of 10 CFR 54.23 "Contents of application—environmental information," and 10 CFR Part 51.53(c), "Postconstruction environmental reports—Operating license renewal stage," for its license renewal application (LRA) for WBN, Units 1 and 2. Specifically, TVA requested an exemption from the requirement to include an environmental report with its LRA, and proposed that the NRC staff credit the information provided in the TVA National Environmental Policy Act (NEPA) environmental review. TVA stated that its request encompasses all of the issues characterized as Category 2 findings summarized in Table B-1 of Appendix B to Subpart A of 10 CFR Part 51, "Environmental Effect of Renewing the Operating License of a Nuclear Power Plant."

Part 54, "Requirements for Renewal of Operating Licenses for Nuclear Power Plants," of 10 CFR contains the requirements for the issuance of renewed operating licenses for nuclear power plants licensed pursuant to Section 103 or 104b of the Atomic Energy Act of 1954, as amended. Under 10 CFR 54.23, an application for a renewed license must include a supplement to the environmental report that complies with the requirements of Subpart A,

Enclosure

“National Environmental Policy Act—Regulations Implementing Section 102(2),” of 10 CFR Part 51, “Environmental Protection Regulations for Domestic Licensing and Related Regulatory Functions.” The regulation at 10 CFR 51.20(b)(2) requires, in part, the preparation of an environmental impact statement (EIS) or supplement to an EIS for renewal of a full power license to operate a nuclear power reactor. The regulation at 10 CFR 51.53(c) requires “[e]ach applicant for renewal of a license to operate a nuclear power plant under [10 CFR Part 54 to] submit with its application a separate document entitled ‘Applicant’s Environmental Report—Operating License Renewal Stage.’” The regulations at 10 CFR 51.53(c)(3)(ii) and (iv) require that the environmental report contain analyses of the environmental impacts of the proposed action associated with license renewal and the impacts of operation during the renewal term, for those issues identified as Category 2 issues in Appendix B to Subpart A of 10 CFR Part 51, and any new and significant information regarding the environmental impacts of license renewal of which the applicant is aware.

In a letter to the NRC dated March 25, 2024, TVA stated that it intends to submit an LRA for WBN, Unit 1, in the fourth quarter of 2026 (ML24085A212). Subsequently, in a prior exemption dated December 29, 2025, the NRC granted TVA an exemption from the requirement of 10 CFR 54.17(c) to allow the submittal of an LRA for WBN, Unit 2, earlier than 20 years before the expiration of the WBN, Unit 2, license, such that WBN, Unit 2, could be included within the scope of the planned LRA for WBN, Unit 1 (ML25332A068). In its letter dated February 3, 2026, TVA stated that, as a Federal agency, it is unique among reactor operating licensees in that it is subject to NEPA requirements independent of the NRC’s review. As part of its obligations under NEPA, TVA indicated that it plans to complete a NEPA Environmental Assessment (EA) for the license renewal of WBN, Units 1 and 2, prior to its submittal of the LRA, and requested that the NRC credit the information provided in TVA’s NEPA environmental review.

3.0 DISCUSSION

Pursuant to 10 CFR 54.15, “Specific exemptions,” exemptions from the requirements of 10 CFR Part 54 may be granted by the Commission in accordance with 10 CFR 50.12, “Specific exemptions.” Pursuant to 10 CFR 50.12(a), the Commission may, upon application by any interested person or upon its own initiative, grant exemptions from its requirements, including the requirements of 10 CFR Part 54, when (1) the exemptions are authorized by law, will not present an undue risk to the public health and safety, and are consistent with the common defense and security, and (2) any of the special circumstances listed in 10 CFR 50.12(a)(2) are present. Under 10 CFR 50.12(a)(2), special circumstances are present when at least one of the following six conditions are met:

- (i) Application of the regulation in the particular circumstances conflicts with other rules or requirements of the Commission; or
- (ii) Application of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule; or
- (iii) Compliance would result in undue hardship or other costs that are significantly in excess of those contemplated when the regulation was adopted, or that are significantly in excess of those incurred by others similarly situated; or
- (iv) The exemption would result in benefit to the public health and safety that compensates for any decrease in safety that may result from the grant of the exemption; or
- (v) The exemption would provide only temporary relief from the applicable

- regulation and the licensee or applicant has made good faith efforts to comply with the regulation; or
- (vi) There is present any other material circumstance not considered when the regulation was adopted for which it would be in the public interest to grant an exemption.

Pursuant to 10 CFR 51.6, "Specific exemptions," the Commission may, upon application of any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR Part 51 when the exemptions are authorized by law and are otherwise in the public interest.

3.1 The Exemption is Authorized by Law

The exemption from the requirements of 10 CFR 54.23 and 10 CFR 51.53(c) would exempt TVA from the requirement to submit an environmental report with its LRA for WBN, Units 1 and 2. TVA instead proposes that the NRC credit the information provided in the TVA NEPA environmental review document as part of the LRA.

Exemptions are authorized by law where they are not expressly prohibited by statute or regulation. A proposed exemption is implicitly authorized by law if it will not present an undue risk to the public health and safety, is consistent with the common defense and security, and special circumstances exist.

As a Federal agency that is subject to its own NEPA requirements, TVA is required to prepare an EA or an EIS, as appropriate, for its LRA for WBN, Units 1 and 2. License renewal is a Federal action subject to NEPA Section 102(2)(C), as amended, which states that all agencies of the Federal Government must provide a "detailed statement" for "major Federal actions significantly affecting the quality of the human environment." Section 106(b)(1) of NEPA states that an agency shall issue an EIS for an action "that has a reasonably foreseeable significant effect on the quality of the human environment." Section 106(b)(2) of NEPA states that an agency shall prepare an EA for a proposed agency action "that does not have a reasonably foreseeable significant effect on the quality of the human environment, or if the significance of such effect is unknown," unless the agency finds that the proposed agency action is excluded pursuant to, among other things, another provision of law.

The NRC staff understands that TVA plans to prepare an EA to fulfill its own NEPA obligations, the contents of which would describe the environmental impacts related to the license renewal for WBN, Units 1 and 2. In its exemption request, TVA notes that it expects this EA, along with the supplemental final environmental statement documents published with the licensing of WBN, Unit 2, would provide sufficient environmental information for the NRC to complete its review. While this exemption from the requirements of 10 CFR 54.23 and 10 CFR 51.53(c) would relieve TVA from the requirement to submit a separate environmental report with its LRA, the NRC staff expects that TVA's EA will provide the same information as would otherwise be included in an environmental report under 10 CFR 54.23, including an assessment for applicable Category 2 issues listed in Table B-1 of Appendix B to Subpart A of 10 CFR Part 51, as well as any new and significant information regarding the environmental impacts of license renewal of which TVA is aware. The NRC staff reserves the right to request supplemental information from TVA at the time of the LRA to ensure the NRC staff has sufficient information to evaluate the environmental impacts of license renewal for WBN, Units 1 and 2.

The NRC staff will perform its review of the LRA for WBN, Units 1 and 2, in accordance with the NRC's own regulations, including 10 CFR Part 51 and Part 54. In addition, the NRC staff will

conduct its environmental review of TVA's EA following the guidance outlined in NUREG-1555, "Standard Review Plans for Environmental Reviews for Nuclear Power Plants," Supplement 1, "Operating License Renewal," Revision 2, August 2024 (ML23201A227), and Regulatory Guide 4.2, Supplement 1, Revision 2, "Preparation of Environmental Reports for Nuclear Power Plant License Renewal Applications." August 2024 (ML23201A144). Consistent with its own NEPA requirements, the NRC staff will assess if the proposed action (i.e., license renewal of WBN) would have any significant environmental impacts at the time of its review of the LRA.

The NRC staff has determined that no provisions in law expressly prohibit or otherwise restrict the requested exemption. The NRC staff has also determined, as explained below, that the requested exemption will not present an undue risk to the public health and safety, is consistent with the common defense and security, is otherwise in the public interest, and special circumstances exist that would support issuance of the exemption. Therefore, the NRC staff determines that the exemption is authorized by law.

3.2 The Exemption Presents no Undue Risk to Public Health and Safety

The exemption from the requirements of 10 CFR 54.23 and 10 CFR 51.53(c) would exempt TVA from the requirement to submit an environmental report with its LRA for WBN, Units 1 and 2. In its letter dated February 3, 2026, TVA stated that it plans to prepare an EA pursuant to NEPA requirements, which would describe the environmental impacts of license renewal of WBN, Units 1 and 2. This exemption relates solely to the content requirements of the LRA and does not involve any physical changes to plant systems, structures, or components, nor does it alter plant operation. Accordingly, the exemption does not increase the probability or consequences of accidents previously evaluated, create the possibility of new or different accidents, or reduce any margin of safety. Therefore, the NRC staff determines that granting the exemption will not present an undue risk to the public health and safety.

3.3 The Exemption is Consistent with the Common Defense and Security

As discussed previously, the exemption from the requirements of 10 CFR 54.23 and 10 CFR 51.53(c) would exempt TVA from the requirement to submit an environmental report with its LRA for WBN, Units 1 and 2. The requested exemption involves administrative requirements associated with environmental report content and does not affect security-related systems or safeguards. Therefore, the NRC staff determines that the exemption is consistent with the common defense and security.

3.4 The Exemption is Otherwise in the Public Interest

With respect to the exemption from the requirement of 10 CFR 51.53(c), the NRC staff has determined that the exemption is in the public interest because it allows the Commission to regulate with efficiency in accordance with the NRC's Principles of Good Regulation¹. The NRC's mission is to "protect public health and safety and advance the nation's common defense and security by enabling the safe and secure use and deployment of civilian nuclear energy technologies and radioactive materials through efficient and reliable licensing, oversight, and regulation for the benefit of society and the environment." The NRC adheres to Principles of Good Regulation in carrying out this mission. These principles focus on ensuring safety and security while appropriately balancing the interests of NRC's stakeholders, including the public interest. One of these principles is the "Efficiency" principle, which the NRC describes, in part,

¹ <https://www.nrc.gov/about-nrc/values>

as follows: "Regulatory activities should be consistent with the degree of risk reduction they achieve. Where several effective alternatives are available, the option which minimizes the use of resources should be adopted. Regulatory decisions should be made without undue delay."

Consistent with the NRC's "Efficiency" principle, granting this exemption would allow the NRC to "minimize the use of resources" and make its regulatory decision as efficiently as possible while still fulfilling its NEPA obligations through its evaluation of the TVA's NEPA EA. The time and resource savings on this environmental review would benefit both TVA and the NRC, allowing both agencies to efficiently allocate resources and better fulfill their independent missions for the benefit of the public. For these reasons, the NRC staff determines that the exemption is otherwise in the public interest.

3.5 Special Circumstances

The regulation at 10 CFR 50.12(a) states, in part, that "[t]he Commission will not consider granting an exemption unless special circumstances are present," and describes, in 10 CFR 50.12(a)(i) – (vi), the conditions under which special circumstances exist. In its exemption request, TVA stated that the special circumstance listed in 10 CFR 50.12(a)(2)(ii) is present:

- (ii) Application of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule;

The underlying purpose of 10 CFR 54.23 and 10 CFR 51.53(c) is to provide the NRC staff with sufficient information to evaluate the environmental impacts of the proposed action (i.e., license renewal). The underlying purpose of the regulations would still be met after granting this exemption, as TVA would be expected to cover the same environmental information in its EA as it would have included in the environmental report prepared under 10 CFR 54.23 and 10 CFR 51.53(c). The NRC staff will perform its own independent analysis of TVA's EA consistent with its own regulations, ensuring all NRC regulatory requirements are met, as well as requesting additional information from TVA, if needed, to make its determinations as to whether the provided environmental information is sufficient to support issuance of a renewed operating license for WBN, Units 1 and 2. Based on the information above, the NRC staff determines that the special circumstance described in 10 CFR 50.12(a)(2)(ii) is present for the requested exemption.

3.6 Environmental Considerations

This action relates to changes to recordkeeping or reporting requirements. The NRC staff has determined that a categorical exclusion applies and that special circumstances under 10 CFR 51.22, "Categorical exclusion," 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(a)(1) for "Actions that are administrative, procedural, or solely financial in nature." Pursuant to 10 CFR 51.22, no environmental assessment or environmental impact statement need be prepared in connection with the issuance of the exemption.

4.0 CONCLUSION

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12 and 10 CFR 51.6, the exemption from the requirements of 10 CFR 54.23 and 10 CFR 51.53(c) is authorized by

law, will not present an undue risk to the public health and safety, is consistent with the common defense and security, and is otherwise in the public interest. Also, special circumstances, in accordance with 10 CFR 50.12(a)(2)(ii), are present. Therefore, the Commission hereby grants TVA a one-time exemption from the requirements of 10 CFR 54.23 and 10 CFR 51.53(c) and, accordingly, TVA is not required to include an environmental report as part of its LRA for WBN, Units 1 and 2.

This exemption is effective upon issuance.

Dated: July 16, 2026.

For the Nuclear Regulatory Commission.

Mahmoud Jardaneh, Acting Director,
Division of Licensing Projects I,
Office of Nuclear Reactor Regulation.

SUBJECT: WATTS BAR NUCLEAR PLANT, UNITS 1 AND 2 – EXEMPTION FROM REQUIREMENTS OF 10 CFR 54.23, “CONTENTS OF APPLICATION-- ENVIRONMENTAL INFORMATION,” AND 10 CFR PART 51.53(c), “POSTCONSTRUCTION ENVIRONMENTAL REPORTS - OPERATING LICENSE RENEWAL STAGE” (EPID L-2026-LLE-0007) DATED JULY 16, 2026

DISTRIBUTION:

PUBLIC

RidsNrrDlp1Orlb4 Resource

RidsNrrPMWattsBar Resource

RidsNrrLAPBlechman Resource

RidsACRS_MailCTR Resource

RidsRgn2MailCenter Resource

RidsNrrDlp2Lreb Resource

AWaldron, NRR

RKuntz, NRR

ADAMS Accession Nos.:

Package: ML26177A140

Document: ML26177A139

e-Concurrence Case: 20260626-20006