Mr. Richard M. Fry, Director
Division of Radiation Protection
Department of Environment and Natural Resources
State of North Carolina
3825 Barrett Drive
Raleigh, NC 27609-7221

Dear Mr. Fry:

I am writing to invite you to participate in the proceedings of the Pilot Program Evaluation Panel (PPEP) to be held on November 16 and 17, 1999, in Rockville, Maryland. A copy of a tentative agenda is enclosed. A Meeting Notice showing the location of the meeting will be forwarded as a follow-up.

The NRC staff has developed a revised reactor oversight process to take into account improvements in the safety performance of the nuclear industry over the past twenty years; and to apply objective, safety significant, and risk informed criteria to the inspection, enforcement , and assessment of the performance of nuclear power plant operations. The revised program is expected to permit more effective and efficient regulation of the nuclear industry with a smaller NRC staff and budget.

The revised program is being tested at nine pilot nuclear power plants. The success of the pilot effort will be evaluated by determining whether the revised reactor oversight process can be effectively implemented. The results of the pilot program will be independently evaluated by PPEP to determine whether the overall objectives of the pilot program have been met, and whether the new oversight processes (1) ensure that plants continue to be operated safely, (2) enhance public confidence by increasing predictability, consistency and objectivity of the oversight process so that all constituents will be well served by the changes taking place, (3) improve the efficiency and effectiveness of regulatory oversight by focusing agency and licensee resources on those issues with the most safety significance, and (4) reduce unnecessary regulatory burden on licensees as the processes become more efficient and effective.

The NRC established the PPEP as an independent advisory committee under the provisions of the Federal Advisory Committees Act (FACA). As an advisory committee under FACA, PPEP provides a mechanism to focus the best resources in diverse fields at a minimum cost to the government, and allows for increased public participation in the processes of the government. The PPEP functions as a management level, cross-disciplinary, expert oversight panel to independently monitor and evaluate whether the new regulatory processes can be successfully and effectively implemented based on the outcome of the pilot effort.

The PPEP meetings are publicly announced, open to public, and appropriate material reviewed by PPEP is placed in the NRC public document room and on the NRC's web page. While the PPEP is comprised of members selected for their applicable expertise, the agency is seeking to extend the base beyond the knowledge, expertise and observations of PPEP members. As a representative of the State of North Carolina responsible for the radiation protection, you are

invited to present your views to the panel in areas of interest to the citizens of North Carolina. The information provided by you will supplement the experience brought to the panel by its members, and will be considered in any recommendations made by the panel.

The Revised Reactor Oversight Program can be found on the NRC home page on the Internet. To access the program, type **http://www.nrc.gov/NRR/OVERSIGHT/index.html** on the location line, and press **enter** to reach the Revised Reactor Oversight Process web page. Listed on the web page are hyper-links to various background documents that you may wish to review. The PPEP site can be accessed by clicking on Reactor Oversight Process Overview hyper-link. At this site you will find background on the PPEP, including the transcripts of previous PPEP meetings. Also, I have enclosed additional key documents that are not on the Internet and a draft of the outline of the final PPEP report. I ask that you familiarize yourself with the above material for the meeting.

Please let me know your availability in advance so that I can make appropriate arrangements to facilitate your participation. If you have any questions, please do not hesitate to contact me at 301-415-1004 or the PPEP Designated Federal Official, Mohan Thadani at 301-415-1476.

Sincerely,

Frank P. Gillespie, Deputy Director
Division of Inspection Program

Management

Office of Nuclear Reactor Regulation

Enclosures: As stated

cc: James T. Wiggins
Bruce Mallett
Geoffrey E. Grant
Kenneth E. Brockman
James Lieberman
Steve Floyd
David Garchow
Masoud Bajestani
George Barnes
James Chase
Gary Wright
David Lochbaum

representative of the State of North Carolina responsible for the radiation protection, you are invited to present your views to the panel in areas of interest to the citizens of North Carolina. The information provided by you will supplement the experience brought to the panel by its members, and will be considered in any recommendations made by the panel.

The Revised Reactor Oversight Program can be found on the NRC home page on the Internet. To access the program, type **http://www.nrc.gov/NRR/OVERSIGHT/index.html** on the location line, and press **enter** to reach the Revised Reactor Oversight Process web page. Listed on the web page are hyper-links to various background documents that you may wish to review. The PPEP site can be accessed by clicking on Reactor Oversight Process Overview hyper-link. At this site you will find background on the PPEP, including the transcripts of previous PPEP meetings. Also, I have enclosed additional key documents that are not on the Internet and a draft of the outline of the final PPEP report. I ask that you familiarize yourself with the above material for the meeting.

Please let me know your availability in advance so that I can make appropriate arrangements to facilitate your participation. If you have any questions, please do not hesitate to contact me at 301-415-1004 or the PPEP Designated Federal Official, Mohan Thadani at 301-415-1476.

Sincerely,

Frank P. Gillespie, Deputy Director
Division of Inspection Program

Management

Office of Nuclear Reactor Regulation

Enclosures: As stated

cc: James T. Wiggins
Bruce Mallett
Geoffrey E. Grant
Kenneth E. Brockman
James Lieberman
Steve Floyd
David Garchow
Masoud Bajestani
George Barnes
James Chase
Gary Wright
David Lochbaum

Distribution:

PPEP r/f	C. Holden	T. Frye	OGC	
B. Boger	M. Johnson	A. Sepctor	M. Branch	OPA (e-mail)
W. Dean	S. Stein	D. Coe	J. Johnson	W. Travers
H. Hahn (LANL)	A. Madison	R. Pascarelli	ACRS (3)	(EDO)
			J. Goldberg (OGC)	

DOCUMENT NAME: INVITFRY.WPD

OFFICE	NRR	E	DD:DIPM	E
NAME	MThadani		FGillespie	
DATE	10/ /99		10/ /99	

C=COVER E=COVER & ENCLOSURE N=NO COPY

THIRD PILOT PROGRAM EVALUATION PANEL MEETING

PROPOSED AGENDA

November 16, 1999

8:00 a.m.	Introduction/Meeting Objectives and Goals
8:30 a.m.	Performance indicators and Risk Informed Baseline Inspections
	Input from each non-NRC participant (5 minutes each)
	PPEP Discussion and Questions (30 minutes)
11:00 a.m.	Significance Determination Process and Assessments
	Input from each non-NRC participant (5 minutes each)
12:00N 1:00 p.m.	LUNCH
1:00 p.m.	Significance Determination Process and Assessments (Continued)
	PPEP Discussion and Questions (30 minutes)
2:00 p.m.	Enforcement and Overall Evaluation
	Input from each non-NRC participant (5 minutes each)
	PPEP Discussion and Questions (30 minutes)
3:30 p.m.	Closing Remarks by Presenters (15 minutes each)
5:00 p.m.	Adjourn

Enclosure 1

NOVEMBER 17, 1999

8:00 A.M.	Recap of previous day/Meeting Objectives and Goals
8:30 a.m.	Performance Indicators and Risk Informed Baseline Inspections
	NRC Headquarter's Panel Presentation (45 minutes)
	NRC Regional Panel Presentation (15 minutes)
	PPEP Discussion and Questions (30 minutes)
10:15 a.m.	Significance Determination Process and Assessments
	NRC Headquarter's Panel Presentation (45 minutes)
	NRC Regional Panel Presentation (15 minutes)
	PPEP Discussion and Questions (30 minutes)
12:00N to 1:00 p.m.	LUNCH
1:00 p.m.	Enforcement and Overall
	NRC Headquarter's Panel Presentation (45 minutes)
	NRC Regional Panel Presentation (15 minutes)
	PPEP Discussion and Questions (30 minutes)
3:00 p.m.	PPEP Teams Caucus
3:30 p.m.	PPEP Discussion
4:00 p.m.	Adjourn

DRAFT
PILOT PROGRAM EVALUATION PANEL REPORT OUTLINE

INTRODUCTION

The NRC staff has established a set of criteria to determine whether the new Reactor Inspection and Oversight Program processes and procedures can be effectively implemented. The criteria will be applied to determine any problems that could hinder full implementation of the program. Recommendations will be provided for identified problems proposing appropriate changes if needed. The effectiveness of the new regulatory oversight processes is being tested in a pilot implementation program at eight sites. The criteria will be applied to the results of the pilot program to determine whether the overall objectives of the pilot program have been met, and whether the new oversight processes (1) ensure that plants continue to be operated safely, (2) enhance public confidence by increasing predictability, consistency and objectivity of the oversight process so that all constituents will be well served by the changes taking place, (3) improve the efficiency and effectiveness of regulatory oversight by focusing agency and licensee resources on those issues with the most safety significance, and (4) reduce unnecessary regulatory burden on licensees as the processes become more efficient and effective.

The criteria have been set up with thresholds (e.g., 8 out of 9 plants) to help determine if the new regulatory processes and procedures are fundamentally sound, can be efficiently implemented under the new program. Failure to meet a criterion indicates a potential program or process problem that needs to be addressed prior to full implementation. Overall success of the program will be gleaned from the cumulative assessment of the pilot program effort.

To ensure that the new regulatory processes can be successfully and effectively implemented, the NRC established the Pilot Program Evaluation Panel (PPEP) which will function as a management..... The PPEP consisted of representatives of the NRC, NEI, pilot plant representatives, UCS, and the State of Illinois.

The PPEP Conducted .... structured meetings as well as limited interviews to receive information from.....

PPEP established a systematic process to evaluate the results of the pilot program inspections and inputs provided by the invited stakeholders.....

PROCESSES AND PROCEDURES OF THE NEW REACTOR OVERSIGHT PROGRAM

(Describe the processes)

CRITERIA TO EVALUATE THE PERFORMANCE

I. Performance Indicator Reporting

The performance indicators are monitored to provide information regarding either the initiating events or transients that could lead to initiating events. They are the first step which could, in conjunction with a sequence of other events, result in a reactor accident. Thus, they provide a quantifiable measure of the plants' safety performance expectations. The PIs also provide an indication of the problems that, if uncorrected, could lead to increased risk.

To be meaningful, the PIs have to be readily available, be accurate, and submitted to the NRC in a timely manner.

The following criteria will measure the efficiency and effectiveness of PI reporting.

1. Can PI data be reported accurately by the industry, in accordance with the reporting guidelines? They can, if by the end of the pilot program, each PI is being reported accurately for at least 8 out of the 9 pilot plants.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

2. Can PI data results be submitted by the industry in a timely manner? They can, if by the end of the pilot program, all PI data is submitted by each pilot plant within one business day of the due date.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

II. Risk-informed Baseline Inspection Program

The new baseline inspection program is based on the "cornerstone" areas important to safety. It will focus on the activities and systems that are "risk significant." The program will assess how the licensees find and correct problems, and how they promote their employees to raise safety issues without fear of recrimination.

The following criteria will measure the efficiency and effectiveness of the baseline inspection program, including inspection planning, conduct of inspections, and inspection finding documentation.

1. Can the inspection planning process be performed in a timely manner to support the assessment cycle? It can, if the planning process supports the scheduling of all

required inspections for the upcoming period and the issuance of a 6-month inspection look-ahead letter within 4 weeks from the end of an assessment cycle for at least 8 out of the 9 pilot plants.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

2. Are the inspection procedures clearly written so that the inspectors can consistently conduct the inspections as intended? They are, if by the end of the pilot program, resources expended to perform each routinely performed (e.g., monthly) inspection procedure are within 25% of the average for at least 8 out of the 9 pilot plants. Similar data and analysis will be assessed for less frequently performed procedures (e.g., biennial safety system design inspection). Inspection procedure quality will also be determined by an analysis of the numerical rating factors and a review and evaluation of the comments received on the procedure feedback forms.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

3. Are less NRC resources required to provide adequate oversight of licensee activities through inspection? They are, if the direct inspection effort expended to perform baseline and regional initiative inspection activities are less than the resources that would have been expended under the current inspection program. Review will be based on a comparison of the pilot program direct inspection resources against the regional average during the pilot and the resources required for the same plant prior to the pilot.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

4. Can inspection reports be issued and the plant issues matrix (PIM) updated in a timely manner to support the assessment process? They can if by the end of the pilot, 90% of

the pilot plant inspection reports (except those for major team inspections) were issued within 30 days of the end of the inspection period with the PIMs updated within 14 days of the issuance of the inspection reports.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

5. Are the scope and frequencies of the baseline inspection procedures adequate to address their intended cornerstone attributes? They are, based on the evaluation of any specific examples of risk-significant aspects of licensee performance which are not adequately covered by the baseline inspection program. These examples will be solicited from the NRC staff, the public, and the industry through the use of inspection procedure feedback forms and surveys.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

III. Significance Determination Process

Significance Determination Process (SDP) will be as realistic as possible and will be plant specific. The process screens for risk significance. It employs a risk informed approach. Inspection findings are related to the plant risk context through a cause and effect relationship. The approach is to use realistic accident analyses and not the design basis accident analyses. It considers the functional capability and not Operability as the basis for risk significance.

The following criteria will measure whether the significance determination process can be effectively used to categorize the risk significance of inspection findings in a timely manner.

1. Can the SDP be used by inspectors and regional management to categorize inspection findings in a timely manner? It can, if the phase 2 evaluations can be completed within 30 days of the phase 1 evaluation, 90% of the phase 3 evaluations can be completed within 90 days of the phase 1 evaluation, and 100% of the phase 3 evaluations can be completed with 120 days of the phase 1 evaluation.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

2. Can inspection findings be properly assigned a safety significance rating in accordance with established guidance? They can, if a review of inspection findings by the SDP operational support team, chosen for 95% assurance, demonstrates that at least 95% of the findings were properly categorized by the SDP. This review will also confirm that no risk-significant inspection findings were screened out. Additionally, by the end of the pilot, there should be no instances where the Significance Determination Process and Enforcement Review Panel changes an SDP determination performed by the regions.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

IV. Assessment

The performance indicators data will be integrated with the risk informed performance based inspection findings, and the results will be categorized to determine the appropriate regulatory response as categorized in the performance assessment matrix.

The following criteria will measure the efficiency and effectiveness of the new assessment processes.

1. Can the assessment process be performed within the scheduled time? It can, if for at least 8 out of the 9 pilot plants, a mid-cycle assessment of the PIs and inspection findings can be completed, with a letter forwarding the results and a 6-month inspection look-ahead schedule, within 4 weeks of the end of the assessment cycle.

the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

2. Can the action matrix be used to take appropriate NRC actions in response to indications of licensee performance? It can, if there is no more than one instance (with a goal of zero) in which the action taken for a pilot plant is different from the range of actions specified by the action matrix.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

3. Are assessments of licensee performance performed for the pilot plants in a manner that is consistent across the regions and that meets the objectives of the assessment program guidance? They are, as determined by a review and evaluation of the outputs of the assessment process generated by each region.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

V. Enforcement

The following criteria will measure the effectiveness of the new enforcement policy.

1. Are enforcement actions taken in a manner consistent with the assessment of inspection findings that results from the SDP? They are, as determined by a review by the Office of Enforcement of the issues evaluated by the SDP operational support team audit.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

VI. Information Management Systems

The following criteria will determine whether the NRC information management systems are ready to support full implementation of the new regulatory oversight processes.

1. Are the assessment data and results readily available to the public? They are, if by the end of the pilot program, the NRC information systems support receiving industry data, and if PIs and the current plant issues matrix are publicly available on the Internet within 30 days of the end of the data period (end of month for pilot) for at least 8 out of the 9 pilot plants.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

2. Are the time reporting and budget systems, such as the Regulatory Information Tracking System (RITS), ready to support the process changes? They are, if by the end of the pilot program, the new RITS codes are established and the new codes are being used properly.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

3. Are the NRC information support systems, such as the Reactor Program System (RPS) and its associated modules, ready to support full implementation of the new oversight processes? They are, as determined by the status of the systems identified as necessary to support the revised reactor oversight process.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

VII. Overall

The following criteria will measure whether the revised reactor oversight process meets its overall objectives.

1. Do the combination of PIs and inspection findings provide an adequate indication of licensee performance? Does the oversight process provide a reasonable assurance that the cornerstone objectives are being met and safe plant operation is maintained? It does, based on a review and evaluation of any specific examples of risk-significant aspects of licensee performance that are not adequately accounted for in the revised reactor oversight process. These examples will be solicited from the NRC staff, the public, and the industry through public comment, feedback forms, and stakeholder surveys.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

2. Do the new oversight processes result in NRC assessments of licensee performance and NRC actions that are more understandable, predictable, consistent, and objective as perceived by both the industry and the general public? They are, if the industry and public have a better understanding of the regulatory oversight process, the assessment of licensee performance, and the reasons for NRC actions taken. Comments will be obtained through feedback forms and surveys of the industry and the public.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

3. Are the new regulatory oversight processes more efficient overall? They are, if by the end of the pilot program, the agency resources required to implement the inspection, assessment, and enforcement programs are <u>projected to be</u> less than currently required. Review will be based on a comparison of the resources expended for DIE and non-DIE activities at each pilot plant to the regional average during the pilot, and the same plant for the 6 month period prior to the pilot.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

4. Is the burden on licensees associated with the implementation of the revised reactor oversight process appropriate? It is, based on feedback of how the regulatory burden associated with each of the revised oversight processes has changed as compared to the current oversight processes. These comments will be solicited from the NRC staff, the public, and the industry through the use of a public comment period, feedback forms, and surveys.

[the new processes are effective in meeting the criterion]

[the new processes will meet the criterion with the proposed changes]

[the new processes require significant improvements]

[Justification for the above conclusion.]

CONCLUSIONS AND RECOMMENDATIONS