Yucca Mountain

Importance of the project to industry
Importance of industry experience to the project

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Louis B. Long
Vice President, Technical Support
Southern Nuclear Operating Company
Chair, NEI Spent Nuclear Fuel Working Group

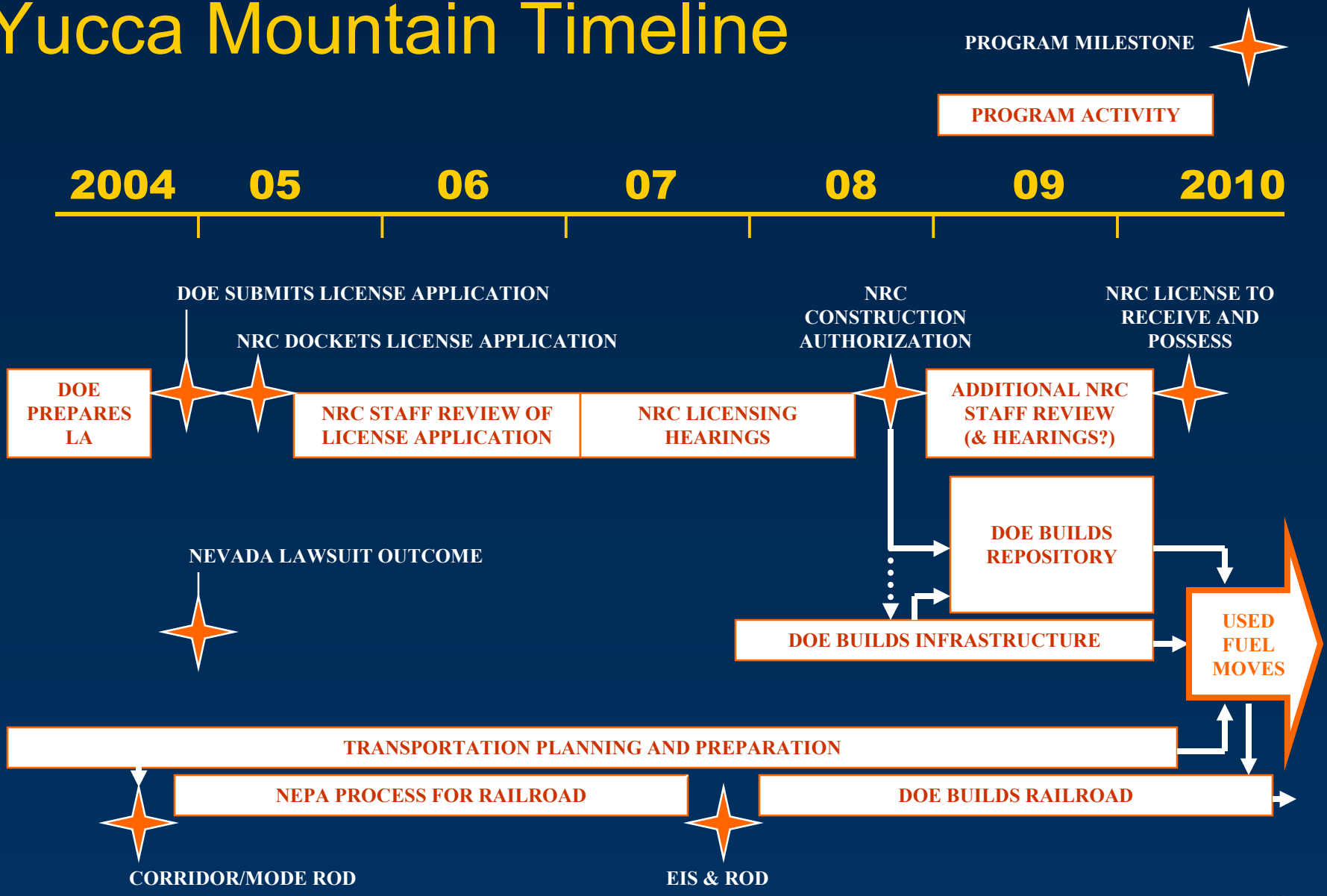
Yucca Mountain

- The Yucca Mountain project is of critical importance to the nation and the nuclear industry
- Completion of the Yucca Mountain licensing process in an effective and timely manner is vital to achieving critical waste disposal milestones
- Recent industry experience provides DOE and NRC with significant tools

The importance of Yucca Mountain

- Energy security
  - Nuclear Energy is 20% of US electricity
  - Additional used fuel storage at reactor sites beyond 2010 will result in additional costs of $1 billion/year to electric ratepayers
  - Progress toward disposal supports new plant development
- National security
  - Defense site cleanup
  - Navy Fuel disposal
- Environmental preservation
  - Supports use of America's #1 source of clean air energy
  - Shutdown plant decommissioning
  - DOE cleanup mission

Yucca Mountain Timeline



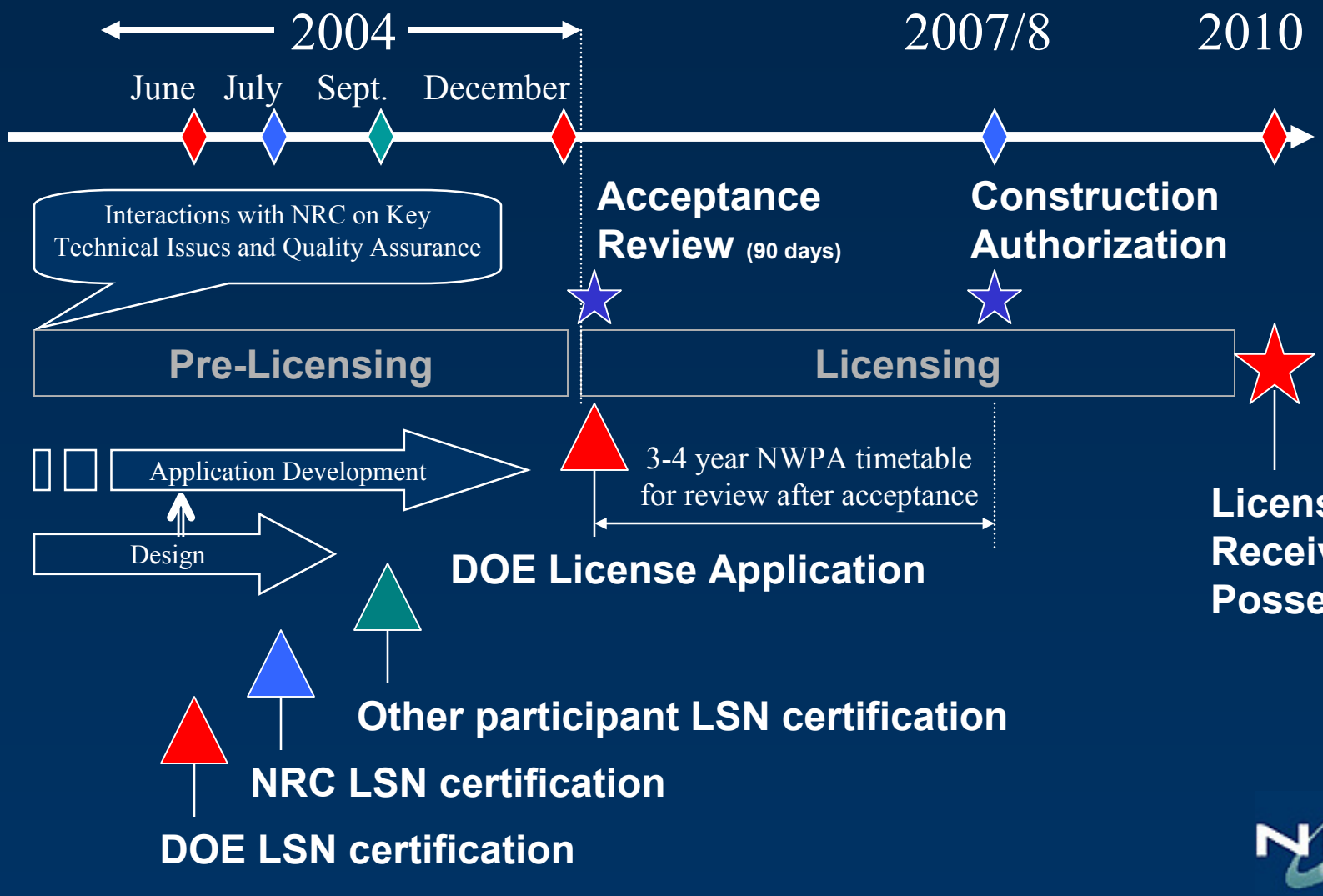
Yucca Mountain Industry Focus

- **High quality Yucca Mountain license application**
- Transportation strategy for the Yucca Mountain Project
- FY-05 appropriations sufficient to maintain initial repository opening in 2010
- Nuclear Waste Fund budget reform
- Yucca Mountain litigation

Yucca Mountain Licensing
The challenge ahead

- Yucca Mountain is a major first-of-a-kind project
- A wide and diverse range of technical issues must be addressed
- Uncertainties that are inevitable in a 10,000 year safety analysis must be reasonably evaluated
- The Yucca Mountain licensing process will include significant opposition and receive intense outside scrutiny
- Congress has imposed a tight timetable (3-4 years)
  - Important national interests are at stake

Yucca Mountain Licensing Timeline



Yucca Mountain Licensing Encouraging Progress

- DOE's 2002 Management Improvement Initiative (MII) established an appropriate framework for quality
  - DOE is demonstrating significant progress in implementation
- Recent public interactions indicate that the pre-application phase of the process is being used to address issues early on
  - DOE and NRC appear to have reached a common understanding on many issues
  - Interactions in the coming months will be critical to continuing to build understanding
  - Needed interactions must occur sooner rather than later so as not to distract from both agencies final preparations for the license application and application review

Yucca Mountain Licensing
The value of industry experience

- The US nuclear industry has evolved significantly over 4 decades of nuclear plant licensing and operations
- Industry has reached extremely high levels of quality, safety, and performance
- The management approaches and lessons learned that successfully drive continuous improvement in industry are being applied at Yucca Mountain

Yucca Mountain Licensing
The value of industry experience (cont.)

- DOE's 2002 Management Improvement Initiative was patterned after industry best practices
- DOE has benefited from industry experience in many areas
  - Corrective Action Programs
  - Safety Conscious Work Environment
  - Procedures
  - Fuel handling facility design and operations
  - Licensing
- DOE is making progress
  - Management is well aligned behind the right principles
    - Demonstrating line management ownership of quality
  - Complete organizational culture transition can be accomplished in time for repository construction and operations
  - DOE must demonstrate quality of License Application while improvement is underway

Yucca Mountain Licensing
The importance of regulatory consistency

- NRC has also evolved over time
  - NRC regulatory processes have become more safety focused
- Precedents set in reactor regulation assure safety and should be followed
- There is no need to reinvent the wheel for Yucca Mountain
- 10 CFR Part 63 is consistent with current reactor regulations and should be implemented consistently
- Oversight at Yucca Mountain should be based on the same principles as the Reactor Oversight Process

Other critical elements of success

- Transportation system must be ready by 2010
  - DOE's recently issued strategy & corridor announcements signal progress
  - NRC must clarify plans for package performance study
- Appropriations must be sufficient
  - Industry supports DOE request of $880 million
  - Transportation work, long-lead procurement items, infrastructure, site preparation and continued scientific and technical work in support of licensing *all* must be funded
- Nuclear Waste Fund Budget reform is needed
  - $23 billion committed to Nuclear Waste Fund vs. expenses of $8 billion
  - Reform needed to assure that funds are available for construction

Conclusion

- Yucca Mountain is an important national priority
- DOE looks on track for 12/04 License Application
  - NRC and DOE seem to be coming into alignment on pre-License Application issues
  - DOE making progress in transportation
- Full appropriations and funding reform are needed
- Industry lessons learned can help assure DOE's success
- It is essential that NRC establish regulatory consistency between reactors and the repository