



NUCLEAR ENERGY INSTITUTE

Joe F. Colvin
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

December 17, 1999

The Honorable Richard A. Meserve
Chairman
U.S. Nuclear Regulatory Commission
Mail Stop O-16 C1
Washington, DC 20555-0001

Dear Chairman Meserve:

On October 29, the staff forwarded SECY-99-256, "Rulemaking Plan for Risk-Informing Special Treatment Regulations," to the Commission requesting concurrence to issue an advanced notice of public rulemaking (ANPR). We support an early publication of the ANPR in the *Federal Register*. However, we request reconsideration of the proposed schedule for pilot plant activities to support the rulemaking, a point that was made at the Commission stakeholder meeting on December 16.

The SECY's regulatory reform plan offers the potential for significant improvements to current regulatory treatment of plant systems and components. The issues involved in achieving reform are complex, however, and can only be successfully resolved through a pilot plant effort conducted in parallel with the rulemaking. Our utility advisory groups, including the prospective pilot plants, have reviewed the SECY and believe further time is needed for pilot plants to make a commitment to proceed. The current SECY plan would require pilot plant commitments by January 2000.

The SECY approach would categorize plant structures, systems, and components into four categories, defining their regulatory treatment as a function of both their existing safety classification (which would be unchanged), as well as their risk significance. This introduces complexities of regulatory treatment that did not exist in the proposal approved by the Commission (SECY-98-300), which sought to redefine, rather than maintain, the existing safety classification. In addition, review of the current SECY raises significant issues regarding methods for verification of PRA attributes, details of risk characterization methods, and level of documentation. The importance of these issues is not in dispute; however, further clarification is necessary before pilot plants can make an informed decision on the

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cost-effectiveness of the approach and proceed to implement plant programs. We have discussed this concern with the NRC staff following our review of the SECY.

The SECY provides a good starting point by defining and discussing the fundamental issues. Industry is developing implementation guidance to address these issues, and will hold a series of public meetings with NRC staff to achieve a level of understanding such that the pilot plants can proceed as soon as is practical. The pilot activities can then proceed synergistically with the rulemaking, once a basic understanding of costs and benefits has been achieved.

Additionally, NRC action to grant the regulatory exemption request by South Texas Project (STP), allowing implementation of risk-informed quality assurance, is crucial to providing confidence to prospective pilot plants. The exemption issuance is viewed as a proof-of-concept of the proposed SECY approach, which would require similar exemptions for the pilot plants.

Assuming the above actions proceed on schedule, we believe the pilot plants would be in a position to make commitments to the reform program by mid-2000. We appreciate the Commission's consideration of this matter and believe a committed and strengthened regulatory reform program can proceed given further definition and resolution of the key components of the process. We look forward to participation in the ANPR process. Please contact me if you desire further information.

Sincerely,


Joe F. Colvin

c: The Honorable Greta Joy Dicus, Commissioner, NRC
The Honorable Nils J. Diaz, Commissioner, NRC
The Honorable Edward McGaffigan Jr., Commissioner, NRC
The Honorable Jeffrey S. Merrifield, Commissioner, NRC
Dr. William D. Travers, Executive Director for Operations, NRC