

NUCLEAR REGULATORY COMMISSIONPSEG NUCLEAR LLCHOPE CREEK GENERATING STATIONAND SALEM NUCLEAR GENERATING STATION, UNIT NOS. 1 AND 2DOCKET NOS. 50-272, 50-311 AND 50-354[NRC-2010-0043]EXEMPTION1.0 BACKGROUND

PSEG Nuclear LLC (PSEG or the licensee) is the holder of Facility Operating License Nos. DPR-70, DPR-75, and NPF-57, which authorize operation of the Salem Nuclear Generating Station, Unit Nos. 1 and 2 (Salem), and Hope Creek Generating Station (HCGS). The licenses provide, 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 facilities consist of two pressurized-water reactors, Salem Unit Nos. 1 and 2, and a boiling-water reactor, HCGS, located in Salem County, New Jersey.

2.0 REQUEST/ACTION

Title 10 of the *Code of Federal Regulations* (10 CFR) Part 73, "Physical protection of plants and materials," Section 73.55, "Requirements for physical protection of licensed activities in nuclear power reactors against radiological sabotage," published as part of a final rule in the *Federal Register* on March 27, 2009 (74 FR 13926), requires licensees to protect, with high assurance, against radiological sabotage by designing and implementing comprehensive site

security programs. The final rule became effective on May 26, 2009, and compliance with the final rule is required by March 31, 2010.

The amendments to 10 CFR 73.55 published on March 27, 2009, establish and update generically applicable security requirements similar to those previously imposed by Commission orders issued after the terrorist attacks of September 11, 2001, and implemented by licensees. In addition, the amendments to 10 CFR 73.55 include additional requirements to further enhance site security based upon insights gained from implementation of the post September 11, 2001, security orders. It is from three of these new requirements that PSEG now seeks an exemption from the March 31, 2010, implementation date for HCGS and Salem. All other physical security requirements established by this recent rulemaking have already been or will be implemented by the licensee by March 31, 2010. Specifically, by two letters dated November 3, 2009, PSEG requested an exemption in accordance with 10 CFR 73.5, "Specific exemptions." Due to the significant number of engineering design packages, procurement needs, and installation activities associated with the required security system upgrades, the licensee has requested an exemption from the March 31, 2010, implementation date specified in the new rule for three requirements in the rule. The items subject to the request for exemption are proposed to be implemented by December 17, 2010. The first letter, PSEG letter number LR-N09-0248 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML093100223), contains one enclosure that was designated by the licensee as containing safeguards information and, accordingly, the enclosure is not available to the public. The second letter, PSEG letter number LR-N09-0249 (ADAMS Accession No. ML093100222), including its two enclosures, is publicly available. The first enclosure is a redacted version of the safeguards enclosure in letter number LR-N09-0248 and the second enclosure is an environmental impact statement.

Based on a discussion with the NRC staff, as documented in an e-mail dated November 12, 2009 (ADAMS Accession No. ML093200070), PSEG submitted a letter dated November 20, 2009, to clarify the exemption request. The November 20, 2009, letter contains safeguards information and, accordingly, is not publicly available.

On December 15, 2009, the NRC staff held a closed meeting with PSEG to discuss the proposed exemption. A summary of the meeting was issued by the NRC staff on December 28, 2009 (ADAMS Accession No. ML093500644). As follow-up to the meeting, PSEG submitted two letters, dated December 22, 2009, that superseded the November 3, and November 20, 2009, submittals, with the exception of the environmental impact statement. The first letter, PSEG letter number LR-N09-0313, contains safeguards information and, accordingly, is not available to the public. The second letter, PSEG letter number LR-N09-0314 (ADAMS Accession No. ML093640062), is publicly available and contains a redacted version of the safeguards information contained in letter number LR-N09-0313.

Being granted this exemption for the three items would allow the licensee additional time to complete the upgrades to the HCGS - Salem security system as required by the recent revisions to 10 CFR 73.55.

3.0 DISCUSSION OF PART 73 SCHEDULE EXEMPTIONS FROM THE MARCH 31, 2010, FULL IMPLEMENTATION DATE

Pursuant to 10 CFR 73.55(a)(1), "By March 31, 2010, each nuclear power reactor licensee, licensed under 10 CFR Part 50, shall implement the requirements of this section through its Commission-approved Physical Security Plan, Training and Qualification Plan, Safeguards Contingency Plan, and Cyber Security Plan referred to collectively hereafter as 'security plans.'" Pursuant to 10 CFR 73.5, the Commission may, upon application by any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR

Part 73 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.

NRC approval of this exemption request would, as noted above, allow an extension from March 31, 2010, until December 17, 2010, for the three specific portions of the rule. The NRC staff has determined that granting of the licensee's proposed exemption would not result in a violation of the Atomic Energy Act of 1954, as amended, or the Commission's regulations. Therefore, NRC approval of the licensee's exemption request is authorized by law.

In the draft final rule sent to the Commission on July 9, 2008 (ADAMS Accession No. ML081780209), the NRC staff proposed that the requirements of the new regulation be met within 180 days. The Commission directed a change from 180 days to approximately 1 year for licensees to fully implement the new requirements. This change was incorporated into the final rule. From this, it is clear that the Commission wanted to provide a reasonable timeframe for licensees to achieve full compliance.

As noted in the final rule, the Commission also anticipated that licensees would have to conduct site-specific analyses to determine what changes were necessary to implement the rule's requirements, and that changes could be accomplished through a variety of licensing mechanisms, including exemptions. Since issuance of the final rule, the Commission has rejected a generic industry request to extend the rule's compliance date for all operating nuclear power plants, but noted that the Commission's regulations provide mechanisms for individual licensees, with good cause, to apply for relief from the compliance date (Reference: June 4, 2009, letter from R. W. Borchardt, NRC, to M. S. Fertel, Nuclear Energy Institute, ADAMS Accession No. ML091410309). The licensee's request for an exemption is therefore consistent with the approach set forth by the Commission and discussed in the June 4, 2009, letter.

HCGS - Salem Schedule Exemption Request

The licensee provided detailed information regarding the proposed exemption in the enclosure to its letter dated December 22, 2009. The enclosure describes a comprehensive plan to upgrade the HCGS - Salem security system to meet the new requirements in 10 CFR Part 73. Due to the significant number of engineering design packages, procurement needs, and installation activities associated with the required security system upgrades, the licensee has requested an exemption from the March 31, 2010, implementation date specified in the new rule for three specific requirements in the rule. The three items subject to the request for exemption are proposed to be implemented by December 17, 2010.

The enclosure to the licensee's letter dated December 22, 2009, details the specific portions of the regulation for which the site cannot be in compliance by the March 31, 2010, implementation date, along with justifications for each of the proposed non-compliances. The enclosure also provides a milestone schedule with the activities necessary to bring the licensee into full compliance with 10 CFR 73.55 by December 17, 2010.

Notwithstanding the schedular exemptions for these limited requirements, the licensee will continue to be in compliance with all other applicable physical security requirements as described in 10 CFR 73.55 and reflected in its current NRC-approved physical security program. By December 17, 2010, HCGS and Salem will be in full compliance with all the regulatory requirements of 10 CFR 73.55, as issued on March 27, 2009.

4.0 CONCLUSION FOR PART 73 SCHEDULE EXEMPTION REQUEST

The staff has reviewed the licensee's submittals and concludes that the licensee has provided adequate justification for its request for an extension of the compliance date to December 17, 2010, with regard to three specified requirements of 10 CFR 73.55.

Accordingly, the Commission has determined that pursuant to 10 CFR 73.5, "Specific exemptions," an exemption from the March 31, 2010, compliance date is authorized by law and will not endanger life or property or the common defense and security, and is otherwise in the public interest. Therefore, the Commission hereby grants the requested exemption.

The NRC staff has determined that the long-term benefits that will be realized when the security upgrades are complete justifies extending the March 31, 2010, full compliance date for the three items in the licensee's exemption request. The security measures that the licensee needs additional time to implement are new requirements imposed by March 27, 2009, amendments to 10 CFR 73.55, and are in addition to those required by the security orders issued in response to the events of September 11, 2001. Therefore, the NRC staff concludes that the licensee's actions are in the best interest of protecting the public health and safety through the security changes that will result from granting this exemption.

As per the licensee's request and the NRC's regulatory authority to grant an exemption from the March 31, 2010, implementation deadline for the three items specified in the enclosure to PSEG's letter dated December 22, 2009, the licensee is required to be in full compliance with 10 CFR 73.55 by December 17, 2010. In achieving compliance, the licensee is reminded that it is responsible for determining the appropriate licensing mechanism (i.e., 10 CFR 50.54(p) or 10 CFR 50.90) for incorporation of all necessary changes to its security plans.

Pursuant to 10 CFR 51.32, "Finding of no significant impact," the Commission has previously determined that the granting of this exemption will not have a significant effect on the quality of the human environment (75 FR 6223; dated February 8, 2010).

This exemption is effective upon issuance.

Dated at Rockville, Maryland, this 25th day of February 2010.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

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