June 22, 2011

MEMORANDUM TO: Marissa G. Bailey, Deputy Director
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

FROM: Margie Kotzalas, Acting Chief **/RA/ M. Raddatz for**
Technical Support Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

SUBJECT: SUMMARY OF MEETING BETWEEN THE U.S. NUCLEAR REGULATORY COMMISSION STAFF, NUCLEAR ENERGY INSTITUTE AND FUEL CYCLE FACILITIES REPRESENTATIVES CONCERNING ENHANCEMENTS TO THE FUEL CYCLE OVERSIGHT PROCESS

On June 6, 2011, U.S. Nuclear Regulatory Commission (NRC) staff met with representatives of the Nuclear Energy Institute (NEI) and fuel cycle licensees and certificate holders to discuss enhancements to the Fuel Cycle Oversight Process (FCOP). Enclosure 1 lists the meeting attendees.

The notice for this public meeting was issued on May 26, 2011, and was posted on the NRC's public web page under the Agencywide Documents Access and Management System (ADAMS) accession number ML111440205. The meeting slides were published on June 3, 2011, under the ADAMS accession number ML111530288 and were provided to the meeting attendees.

Proposed Enhancements to the FCOP

The NRC staff explained the changes made to the conceptual enhancements to the FCOP (slide 3) since the previous public meeting on April 14, 2011. It was noted that the core and supplemental inspection programs would need to be revised as part of the enhancements of the FCOP. Industry representatives stated that it was the first time they heard about changes to the core inspection program. The NRC staff responded that the revisions would be necessary to align the core inspection program with the cornerstones when their development is completed. Industry representatives expressed concern with the inclusion of the safety culture traits in the significance evaluation process because it implied that the NRC would perform a safety culture review of all issues that enter the significance evaluation process. The NRC staff asked industry representatives what the NRC should not do on safety culture. An industry representative stated that the NRC should not assess safety culture for all issues; only assess safety culture for significance issues.

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The NRC staff stated that the intent of the diagram is to align with industry on the basic context of the enhancements of the FCOP and after mutual understanding is reached the details could be worked out. One of the details that should be mutually understood is the entry point to the significance evaluation process; whether it is a performance deficiency or some other concept. Also, the NRC staff clarified that the diagram would be used for NRC-identified inspection results. An industry representative suggested including bullets on what would be considered in the significance evaluation process. The NRC staff agreed to consider the suggestion. Another issue that industry representative stated was that the diagram implied that all NRC-identified inspection results would warrant enforcement action. The NRC staff stated that "no action" could be an enforcement action.

Initial Assessment of Current Licensee Commitments to Corrective Action Programs

The NRC staff presented the initial assessment of current licensee commitments to corrective action programs (CAPs) (slides 4 – 27). NEI and industry representatives asked which criteria the NRC staff used to make the initial assessment. The NRC staff stated that the basic elements for an effective CAP were used. The NRC staff divided the licensees and certificate holder into three groups in terms of their current commitments to CAPs with Group 1 having the most descriptions and Group 3 having general statements on CAPs. Industry asked towards which group they, collectively, leaned towards. The NRC staff stated that industry leaned towards Group 1 and that all licensees addressed the criteria provided in NUREG-1520.

The NRC staff stated that it is important the licensing basis documents capture the commitments to an effective CAP because that would give the NRC reasonable assurance that the licensees' CAP is effective. Industry representatives expressed concern with amending their licensing basis documents because, according to them, the licensing process is costly, time consuming, and they believe they would not have to change how they are implementing their CAPs. The NRC staff suggested that a standard document that describes an effective CAP should be developed because the purpose of the criteria in NUREG-1520 was not to determine if the CAP was effective. Some licensees agreed that the standard is needed. However, an NEI representative cautioned that if NEI developed the standard it would not have a clear expectation of what the NRC wants. In response, the NRC staff stated that a guidance document on an effective CAP could be developed and expressed that the cost to licensees should be low because that is how they should be currently conducting their operations. An industry representative stated that the guidance should take into account the risk profile of fuel cycle facilities.

Revisions to the Enforcement Policy

The NRC staff presented the proposed revisions to the Enforcement Policy (slides 28 – 29) and informed NEI and industry representatives about the upcoming Federal Register Notice (FRN) with the draft revisions to the Enforcement Policy. Also, the NRC staff stated that the draft revisions to the enforcement policy will change the title of section 2.3.2.a to "All Licensees with Adequate/Effective Corrective Action Programs", eliminate the references to reactors, and include a footnote where the adequate/effective determination is left to the NRC program offices in their inspection manual chapters. The NRC staff also stated that for licensees who would be covered under the revised section 2.3.2.a it would be easier to give discretion credit for corrective actions in escalated enforcement cases where a civil penalty is considered, but it will not be a requirement. An industry representative asked if a reduction in inspection hours would

be a result of an effective CAP. The NRC staff stated that a reduction in inspection hours could be a result of the overall enhancements to the FCOP, particularly from the development of the cornerstones.

Cornerstones

The NRC staff presented the proposed fuel cycle regulatory framework (slides 30 – 31) and the changes made since the previous public meeting. Industry asked why the word "systems" was not added to the Emergency Preparedness, Public Radiation Safety, and Worker Radiation Safety cornerstones. The NRC staff stated that the word "systems" was not added because internal (NRC) stakeholder comments were not addressed at those cornerstones. However, the NRC staff will consider how to ensure consistency across all safety cornerstones. The NRC staff presented how industry's comments at the previous public meeting were incorporated into the safety cornerstones (slides 41 – 45). The NRC staff stated that very limited comments were received regarding the inspection activities described in Enclosure 4 to the April 14, 2011, meeting notice, "Appendices to Cornerstone Basis," (ML110890928). Also, the NRC staff requested that industry representatives review this document and provide comments because their comments in the inspection activities might result in possible reductions in inspection hours.

The NRC staff discussed the security (slides 32 – 36) and material control and accounting (MC&A) (slides 37 – 40) cornerstones. For the security cornerstone, the NRC staff stated that the key attributes would be applied in a risk-informed, performance-based manner and that, for example, the significance evaluation process for security inspection findings could be different for Category I and Category III facilities due to the difference in risks. In the MC&A cornerstone, the NRC staff indicated that the development is starting and invited licensees to provide comments.

Path Forward

The NRC staff presented the path forward on the FCOP (slides 46 – 50). Included in the path forward, was the draft recommendation for next steps to enhance the FCOP. An industry representative asked about the difference between the pilot and the initial implementation. The NRC staff stated that the pilot is the option of using two cornerstones at all facilities or using all cornerstones at a few facilities and that initial implementation was the option of using all cornerstones at all facilities. Industry representative also asked about the use of enforcement discretion during the pilot or initial implementation. The NRC staff stated that enforcement discretion would be used during the pilot or initial implementation.

Enclosures:
1. Meeting attendees
2. Mailing List

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ML111710119

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DATE	6/21/2011	6/21/2011	6/22/2011

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SIGN-IN SHEET
Public Meeting on Fuel Cycle Oversight Enhancements
Monday, June 6, 2011
1:00 p.m. – 5:00 p.m.
6003 Executive Boulevard, Rockville, MD – E-1 B13/15

Name (Please Print)	Affiliation (Please Print)
Jonathan DeJesus	NRC/NMSS/FCSS
Julius Bryant	GE Hitachi/GLE
Jennifer Wheeler	Nuclear Fuel Services
James DeGolyer	Global Nuclear Fuel
Douglas Collins	NRC/NMSS/FCSS
Suzanne Ani	NRC/NMSS/FCSS
Andrew Mauer	NEI
Jeff Reynolds	GE Hitachi
Janet Schlueter	NEI
Vernon Shanks	USEC
John Wray	NRC/OE
Dealis Gywn	MOX Services
Margie Kotzalas	NRC/NMSS/FCSS
Pete Habighorst	NRC/NMSS/FCSS
Gerard Couture	Westinghouse
Terry Sensue	USEC, Inc. LCF/ACP
Armando Masciantonio	NRC/NRR
Dallas Gardner	Enercon
David Hanks	NRC
Jay Henson	NRC/NMSS/FCSS
Eugene Cobey	NRC/Region II/DFFI
John Kinneman	NRC/NMSS/FCSS
Marissa Bailey	NRC/NMSS/FCSS
David Spangler	B&W NOG
Scott Murray	Global Nuclear Fuel
Christy Fisher	NRC/NMSS/FCSS
Dennis Morey	NRC/NMSS/FCSS
David Ditto	NRC/NMSS/FCSS
Glenn Tuttle	NRC/NMSS/FCSS
Tim Harris	NRC/NSIR
Michael Boren	USEC, Inc. – Paducah
Michael Greeno	Honeywell
Calvin Manning	AREVA NP, Inc. – Richland, WA
On the telephone bridge line	
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Enclosure

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