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Protecting People and the Environment

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Remarks by NRC Chairman Stephen G. Burns to the 2015 Nuclear Energy Assembly May 13, 2015 – Washington, D.C.

Good afternoon. I appreciate the opportunity to appear before you today at NEI's annual Nuclear Energy Assembly. I plan to touch on a few topics that I hope will be of interest to the audience here today. I have now served for about four and a half months as Chairman of the NRC, having been designated by President Obama as Chairman on January 1 of this year. As you may know, I had earlier retired from the NRC in 2012 after a nearly 34-year career that culminated in my service as the agency's General Counsel. To describe the experience as a bit surreal doesn't do it justice. As a young attorney entering the NRC in 1978, I could never have imagined that someday I would be Chairman of this great organization. Now, returning to the NRC after my three-year hiatus in Paris at the OECD Nuclear Energy Agency, I have the unique opportunity to experience the agency yet again from an entirely new vantage point.

One point I would like to emphasize before moving to the substance of my presentation is the esteem with which the NRC is held by its counter-parts world-wide. The NRC is very fortunate to have so many dedicated, talented, and knowledgeable staff and management, and I feel extraordinarily lucky to lead them as Chairman. It is the strength of our staff and their commitment to maintaining the safe and secure use of nuclear materials and facilities that has established the agency's world-wide reputation as a strong, independent and credible regulator. My experience at OECD over the last three years reinforced my belief that this was true. What was also reinforced in my overseas experiences was how critical it is to the success of each nation's nuclear power program to have a strong, independent, and credible regulator. It is my intent to ensure that the NRC maintains and builds on this reputation and performance during my tenure.

NRC at 40

The NRC recently marked its 40th anniversary as the independent Federal agency responsible for licensing and regulating the Nation's civilian use of radioactive materials. If there is one thing my time working in the international nuclear arena enforced, it is my belief that maintaining confidence in the NRC as a competent, independent regulator is critical, and just as critical for you, the regulated industry, as for the NRC itself. As Chairman, I will strive to maintain and enhance the agency's credibility in making sound technical judgments. I am also working to improve the effectiveness of the agency's communications with our external stakeholders, including the Congress.

Fukushima Lessons Learned

There are a number of seminal events in the NRC's 40-year history, most notably, the accident at Three Mile Island in 1979, the 9/11 terrorist attacks in 2001, and, of course, the accident at Fukushima Dai-ichi in 2011. We learned many lessons from our response to both TMI and the 9/11 attacks and we have tried to apply those lessons in our response to Fukushima. One of my main objectives in the coming years is to bring the remaining Fukushima lessons learned activities to timely closure. I know many of you share this same objective. The industry and the NRC have rightly focused on the items with most the safety significance first, and this has resulted in the best possible use of agency and licensee resources. I recently traveled to Japan and had the opportunity to visit the Fukushima Dai-ichi site, to talk to the Japanese regulator, and to see post-Fukushima modifications to other Japanese nuclear facilities. Seeing first-hand the repercussions of not being properly prepared and hearing first-hand about the challenges faced during the accident by the operators at Fukushima Dai-ichi, and by the nation of Japan as a whole, I am all the more assured of the importance of the work being done here in the U.S.

Some have criticized the NRC's and industry's progress in implementing meaningful enhancements at U.S. plants, but I believe we have been responsible and timely in taking steps to enhance safety. As evidenced at the Commission's recent periodic update on this issue as well as my own personal observations, a significant amount has been accomplished in the past four years. It is my view that the industry and the agency have not been credited enough with the work that has been completed. I visited both the North Anna and Watts Bar sites earlier this year specifically to look at Fukushima modifications and I was very impressed by the work that has been done. I know that similar work has been or is being done across the country at every operating nuclear power plant site, in combination with the work that the industry has done to stand up the two national support centers. The importance of these efforts should not be underestimated and I will continue to deliver that message whenever I have the opportunity.

I would like to take a little time to discuss one recent Commission decision related to Fukushima lessons learned activities, namely, the Commission decision on the integration of flood hazard reevaluations and mitigation strategies for beyond-design-basis events. I suspect that the industry was hoping for a slightly different outcome. I know that the decision to pursue the establishment of requirements for mitigation strategies in parallel with the reevaluation of flooding and seismic hazards has made resolution of both or these very important activities even more challenging.

Nevertheless, a majority of the Commission view it as the Commission's responsibility to determine the most reasonable and responsible path forward given where we find ourselves today. In my view, it was premature to conclude that there could not be justifiable safety benefits realized by continuing with our existing approach to the flooding hazard reevaluations, albeit with modifications to the guidance for the remaining stages to be completed.

The modifications directed by the Commission are aimed at developing a more realistic, graded approach for dealing with plants where the reevaluated flooding hazard exceeds the current design basis, similar to what we have done for seismic hazard reevaluations. In addition, knowing that a lack of regulatory clarity and certainty can present additional challenges for the industry, the Commission directed the staff to develop clear guidance for how information about the reevaluated hazard and its

effect on the plant will be used in regulatory decision making in the future. I think you would agree that clarity and certainty are good things in this business.

Although I realize that this approach may still result in longer timelines for reaching resolution of reevaluated flood hazards, I think that the alternative of cutting our analysis short simply to satisfy the desire to bring the Near-Term Task Force recommendations to closure sooner would have left too many questions open. And I believe that in doing so we would not have fulfilled our responsibilities as a competent and independent regulator, given what we know about the consequences of flooding.

Advanced Reactors

So far, I have talked a bit about the past—both mine and the NRC's—and a bit about the present, but I'd also like to talk about the future. I'll start with a few words on the future in terms of reactor designs. As we approach the mid-point in 2015, the picture with respect to the first application for a small modular reactor is becoming clearer, and activity with respect to advanced reactor or "Generation IV" technologies appears to be moving forward.

As I have said before, the NRC is willing and able to work with industry, the public, and the international community to develop a framework more appropriate for the new technologies. The NRC's Office of New Reactors is making progress on several fronts and is staying abreast of industry's commitment to advanced reactor designs. We are cooperating with the Department of Energy in their work to develop General Design Criteria for non-light water reactors and we are participating in American Nuclear Society standards work for sodium-cooled fast reactors and molten salt reactors. We also participate internationally in the Generation IV International Forum on advanced reactor designs. In fact, I will be attending my first meeting of the Multinational Design Evaluation Program, or MDEP, the first week in June.

Despite talk of NRC regulations being a roadblock to licensing of advanced reactors, the NRC actually has quite a long history of undertaking advanced reactor reviews dating as far back as the 1960s and 70s. The Office of New Reactors is undertaking a strategic planning effort to prepare for non-light water reactor design applications and we are confident that we are making progress commensurate with industry's progress on advanced reactor designs. I can assure you that the NRC is taking a hard look at this area; however, with intense pressure on resources and budget, which you will hear more about in a moment, it is challenging for the NRC to be too forward-leaning in this area or expend significant resources on the development of a new regulatory framework absent a specific applicant.

Current Budget

Speaking of budgets and resources, I would like to assure you that the NRC's FY 2016 budget request reflects our continued commitment to ensure safe and secure use of nuclear materials, while conducting the agency's work in the most efficient and effective manner possible. The FY 2016 budget request reflects a decrease of FTE associated with revised workload projections in the New Reactors business line. It also includes a focus on reducing and appropriately categorizing agency overhead. Congress is still in the early stages of the appropriations process for the FY 2016 budget. The House has passed the Energy and Water appropriations bill that provides a funding decrease that is below the FY 2016 request. The NRC believes that a decrease of the magnitude proposed by the House would impact the agency's ability to hire, train, and support critical technical staff required for licensing and

oversight activities. The NRC would be able to carry out our essential health and safety mission, but our ability to make timely licensing decisions could be affected. The Senate is expected to take action on the FY 2016 appropriations bill this week (May 15th). Let me be clear – I expect that the NRC will be smaller. But I believe getting there must be done in a careful manner to avoid adversely affecting the mission and our personnel.

License Fees

As you are aware, the law requires the NRC to collect approximately 90% of our budget authority through licensee fees. Therefore, the amount that the NRC charges its licensees in fees is based on the size of the agency's appropriated budget.

We've heard the criticisms of our methods, and we know improvements can be made in the agency's processes to estimate and impose fees. We asked outside experts (EY, formerly known as Ernst and Young) to assess our fee process. For those of you who write the checks, sometimes pretty big checks, we are revising the documents that support the Fiscal Year 2015 fee rule to improve transparency and clarity. We are also engaging our stakeholders on these issues. We published the 2015 proposed fee rule in late March looking for your input, and about two weeks ago we had a public meeting to discuss the fees and the billing process. The NRC staff also addressed recurring comments on program efficiencies, billing program improvements, and next steps for finalizing the FY 2015 Fee Rule. Historically, the Commission has not had significant outside engagement in the development or formulation of the fee rule. Recognizing the scrutiny the NRC is facing, it has been a priority for me to pay additional attention to the FY2015 fee rule to ensure that the final rule is transparent and fair. If our costs go down, yours should too.

Project Aim 2020

I'm sure that many of you have heard about Project Aim 2020. The staff's final report on Project AIM, which was presented to the Commission for its review in late January, identified a number of recommended strategies under the themes of people, planning, and process to prepare the NRC for the future. The staff's report concluded that the NRC needs to function more efficiently by right-sizing the agency to retain appropriate skill sets needed to accomplish its mission; streamline agency processes to use resources more wisely; improving timeliness in regulatory decision making and in responding quickly to changing conditions; and promoting unity of purpose with clearer agency-wide priorities.

The Commission considers this report to be an important step in the dialogue about the future of the NRC. My fellow Commissioners and I are taking a hard look at how to ensure the agency maintains the ability to perform our safety and security mission while also being more efficient. We know that we need to retain the appropriate skill sets to accomplish our mission, but we recognize that we can improve on how we reprioritize activities based on emergent needs and can respond more quickly to changing conditions. I expect the Commission to issue its final instructions to the staff on Project AIM in the very near future.

Closing

In closing, I would like to re-emphasize my commitment to maintaining confidence in the NRC as a competent, independent regulator and my belief that having the confidence of the American people

is just as important for the nuclear industry as it is for the NRC. That being said, I believe that nuclear safety is best served when the regulator and the industry work together in a cooperative manner, with appropriate recognition of the roles and responsibilities that each party has. I pledge to hold the NRC staff responsible for ensuring the agency is making sound technical judgments and doing all that we can to clearly communicate our decisions to our external stakeholders.

Thank you once again for the opportunity to share some of my thoughts with you today.