POLICY ISSUE
NOTATION VOTE

March 19, 2010 SECY-10-0031

FOR: The Commissioners

FROM: R. W. Borchardt
Executive Director for Operations

SUBJECT: REVISING THE FUEL CYCLE OVERSIGHT PROCESS

PURPOSE:

To request Commission approval of the staff's plan to develop a fuel cycle oversight process (FCOP) that is more risk-informed and performance-based. The goal is to provide a more objective, predictable, repeatable, and transparent assessment of licensee or certificate holder (licensee) performance.

SUMMARY:

Currently, the U.S. Nuclear Regulatory Commission's (NRC's) oversight of fuel cycle facilities consists of both planned and reactive inspections, with enforcement and periodic assessments based on the findings of those inspections. This existing oversight process is effective and ensures safety and security. A proposed revised performance-based inspection process could incorporate risk-informed assessments measured against predetermined thresholds for integrated safety analysis (ISA) or other risk assessment related findings. This will include findings in nuclear criticality safety, chemical process safety and worker and public radiation dose from accidents. Significance determinations for findings in other areas, such as security, emergency preparedness and transportation safety, could be more deterministic. The staff considered two options for incorporation of risk assessment results, one quantitative and one qualitative. From these objective thresholds, the NRC can determine with greater predictability whether a licensee with declining performance warrants additional oversight. By differentiating inspection findings to identify those of very low safety or security significance, the proposed process will allow licensees to resolve deficiencies of very low safety or security significance through their own corrective action programs (CAPs) without additional oversight from the NRC. This will permit both licensees and the NRC to focus their resources on more risk-significant activities.

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The NRC staff considered including performance indicators (PIs) in the FCOP in a manner similar to that used in the Reactor Oversight Process (ROP); however, the diversity of processes and hazards among the fuel facility licensees impairs the effectiveness of generic PIs. Instead the staff proposes to develop site-specific, quantitative performance metrics for use in the inspection and assessment programs.

The NRC staff does not intend for the revised oversight process to create new regulatory requirements; instead, it will institute a well-defined process for NRC action. Specifically, the NRC staff proposes to conduct supplemental inspections (i.e. above and beyond the number and type that are normal for a well-performing facility) for licensees whose performance shows risk-significant deficiencies based on objective criteria.

The ultimate deliverables will include: (1) risk-informed program-level documents presented in Inspection Manual Chapters (IMCs); (2) specific inspection procedure guidance for activities not currently contained in the fuel cycle oversight process; (3) a revised Enforcement Policy; and (4) a more objective and predictable performance assessment process. To achieve these goals, the staff proposes to develop a FCOP during fiscal year (FY) 2011 through FY 2014 as described in the enclosure. A successful revised FCOP will allow NRC actions and conclusions to be more objective, predictable, and transparent to all stakeholders, and repeatable for findings of comparable significance.

The NRC staff plans to continue internal and external stakeholder involvement (NRC staff and management, licensees, members of the public, etc.) throughout the program development. This includes publication of draft work products for public comment, public meetings, use of the www.regulations.gov web site, and internal NRC staff communications.

BACKGROUND:

Regulatory Principles and the Need for Change

Since 1999, the NRC has undertaken several initiatives to examine its oversight process for fuel cycle facilities. These examinations included all facilities either licensed or certified under the provisions of the Title 10 of the *Code of Federal Regulations* (10 CFR) Part 70, “Domestic Licensing of Special Nuclear Material”; conversion facilities licensed under Part 40, “Domestic Licensing of Source Material”; or Part 76, “Certification of Gaseous Diffusion Plants.” The goal of these initiatives has been to establish a fuel cycle facility oversight process that is more risk-informed, performance-based, predictable, consistent, and objective, based on the agency’s positive experience with the 1999 revision to the Reactor Oversight Process.

Over the last decade, the staff implemented incremental revisions to inspection procedures and limited changes to the oversight process. While the staff has made progress by incorporating ISA insights into the current inspection and enforcement processes, the overall process continues to have substantial subjectivity in the determination of enforcement actions, assessment of licensee performance, and consequent staff decisions regarding levels of inspection. Therefore, the staff concluded that a comprehensive effort to develop a revised process was warranted to achieve the stated objectives.

Previous Commission Guidance and Direction

On August 16, 1995, the NRC published its "Final Policy Statement for Use of Probabilistic Risk Assessment Methods in Nuclear Regulatory Activities" in the *Federal Register* (60 FR 42622). It stated the following, in part:

> This statement presents the policy that the NRC will follow in the use of probabilistic risk assessment (PRA) methods in nuclear regulatory matters. The Commission believes that an overall policy on the use of PRA methods in nuclear regulatory activities should be established so that the many potential applications of PRA can be implemented in a consistent and predictable manner that will promote regulatory stability and efficiency. In addition, the Commission believes that the use of PRA technology in NRC regulatory activities should be increased to the extent supported by the state-of-the-art in PRA methods and data and in a manner that complements the NRC's deterministic approach.

The staff interprets this to mean that, where practical, it should use PRA methods to promote regulatory stability and efficiency. When the NRC revised 10 CFR Part 70 in 2000, the NRC did not require licensees to develop PRAs, but rather it required them to develop more qualitative ISAs and identify items relied on for safety (IROFS). Licensees and the NRC use the fuel cycle facility's ISAs or safety analysis reports (for licensees without ISAs) to gain risk insights regarding credible events with significant safety consequences, and the NRC will build on these insights in the development of the FCOP. For the conversion facility licensed under 10 CFR Part 40, and for the Gaseous Diffusion Plans certified under 10 CFR Part 76 which do not have ISAs, the NRC will utilize the risk assessment in their safety analysis reports.

In 1999, following the initial success of the ROP, the Commission prompted the NRC staff to determine whether the fuel cycle facility oversight process could be improved using elements similar to those in the ROP. In 2000, the NRC revised 10 CFR Part 70 to require ISAs and the resultant IROFS for fuel cycle facilities. At the same time, the NRC staff also began to consider a risk-informed FCOP, using selected elements from the ROP. In Staff Requirements Memorandum (SRM) 00-0222, dated January 17, 2001, the Commission directed the staff to proceed with the proposed new FCOP, cautioning that it should not negatively affect implementation of the revised 10 CFR Part 70. The staff engaged stakeholders, including the Nuclear Energy Institute (NEI), fuel facility licensees, and members of the public, in developing a new FCOP. In a March 18, 2002, memorandum to the Commission, the Executive Director for Operations recommended deferring development of the new FCOP until after the licensees had completed the ISAs and submitted their ISA summaries and the NRC had reviewed and approved them. Licensees had also expressed a need to focus resources on completing the ISAs, and some were concerned about the costs and benefits of a new oversight process.

In the SRM dated June 30, 2005, in response to the briefing on the Agency Action Review Meeting, the Commission directed the staff to evaluate the feasibility of developing objective, transparent, risk-informed, and performance-based facility-specific PIs for the NRC's oversight process for fuel facilities. In May 2006, the staff provided an update on the feasibility of developing such PIs. The Commission, in June 2006, directed the staff to discontinue PI development for fuel cycle facilities.

On January 10, 2007, the Office of the Inspector General (OIG), in OIG-07-A-06, "Audit of the NRC's Regulation of the Nuclear Fuel Cycle Facilities," recommended that the staff fully implement a framework for fuel cycle oversight, consistent with a structured process, such as the ROP. In a February 13, 2007, memorandum in response to the audit, the Deputy Executive Director for Materials, Research, State, and Compliance Programs stated that, as the staff

gained more experience with the ISA process, it will make appropriate enhancements to the inspection and licensing procedures, to establish a more structured program, similar to the ROP. The memorandum also noted that, because various fuel cycle facilities possess different operational characteristics and under different regulations, the ultimate structure of the FCOP will use more qualitative, rather than quantitative, assessments of performance. Since February 2007, the staff has completed several actions outlined in the response to the OIG report. Attachment 1 to the enclosure describes these actions.

Following a March 17, 2008, briefing of the Commission on the state of NRC technical programs, the Commission issued an SRM dated April 3, 2008, "Staff Requirements – Briefing on State of NRC Technical Programs, 1:00 p.m., Monday, March 17, 2008, Commissioners' Conference Room, One White Flint North, Rockville, Maryland (Open to Public Attendance)" (M080317B) (ML0809404390). This memorandum directed the NRC staff to "continue to make the fuel cycle performance review process more transparent and risk-informed. In making the improvements to the process the staff should consider developing performance measurements or metrics leveraging the integrated safety assessments completed by licensees that were recently approved by the NRC."

Following a February 5, 2009, briefing of the Commission on uranium enrichment, the Commission issued an SRM dated February 17, 2009, "Staff Requirements Memorandum – Briefing on Uranium Enrichment, 9:30 a.m. and 1:30 p.m., Thursday, February 5, 2009, Commissioners' Conference Room, One White Flint North, Rockville, Maryland (Open to Public Attendance)" (M090205) (ML094900320). This memorandum directed that the staff should "continue its review of the FCOP and evaluation of whether that quantitative measures of performance will be applicable."

In response, the staff initiated a comprehensive effort to develop a new oversight process, one with improved objectivity, predictability, transparency, and consistency, and one that incorporates risk-informed and performance-based tools.

Staff Activities in 2009

In March 2009, the staff formed a steering committee to initiate and oversee the FCOP project. A *Federal Register* notice announced this initiative on September 3, 2009. The NRC used the www.regulations.gov web site to solicit comments on this project and to publish proposed guidance as it was developed. During 2009, the staff conducted five full days of public meetings to engage and inform NEI, industry representatives, and the public on a conceptual framework for the FCOP. The purpose of the meetings was to present the staff's vision of the FCOP revisions, explain how the process revisions will benefit the public, the NRC, and the industry, and seek stakeholder feedback on selected draft program documents. The public meetings resulted in the issuance of several major program documents for comments, and the staff had prepared 10 more for release when the NRC suspended project activities, in response to SRM-COMGBJ-09-0005 dated November 20, 2009.

In addition, the NRC staff began work with Brookhaven National Laboratory (BNL) to develop the technical basis for establishing quantitative risk-informed thresholds, for significant safety findings, that could be used in the revised FCOP. NRC risk experts have provided guidance to BNL and have developed the foundation for using quantitative risk thresholds. To ensure consistency, and to build on lessons learned throughout the NRC, the staff also held internal meetings on threshold development with risk experts from other NRC offices.

The thresholds and their basis documents will undergo extensive internal review, and the staff plans to brief the Advisory Committee on Reactor Safeguards and the Commission offices before their final adoption.

Staff Requirements Memorandum for COMGBJ-09-0005

The SRM associated with COMGBJ-09-0005 limited the FCOP revisions to 0.5 full-time equivalent (FTE) in the Office of Nuclear Material Safety and Safeguards (NMSS) and 0.5 FTE for Region II in FY 2010. It also directed the staff to gather and evaluate risk insights from ISAs and to prepare a plan for developing an integrated and phased approach to risk-informed fuel cycle facility oversight. The SRM directed the staff to provide the plan for Commission approval within four months. The staff's plan is enclosed.

DISCUSSION:

Objectives and Approach

Proposed Regulatory Oversight Framework

The revised oversight framework will build on a foundation of two strategic performance areas, safety and security. These areas will be supported by multiple cornerstones of safety and security (cornerstones), such as nuclear criticality safety, chemical safety, radiation safety, and physical security. Attachment 2a to the enclosure contains a graphic of the suggested framework, showing the proposed cornerstones. Within this defined framework, the staff proposes to assess licensee performance in a more objective and predictable manner using the results of a baseline inspection program coupled with published thresholds for action.

The key to the proposed FCOP revisions is that the NRC will be able to objectively and predictably determine appropriate levels of agency response to events and inspection findings informed by the risk-significance. Risk-significance would be defined by a significance determination process (SDP). Inspection findings would be measured against risk-informed thresholds for ISA-related findings, or more deterministic thresholds, for the findings not related to the ISA. Exceeding thresholds will produce a predictable agency response (e.g., additional inspection efforts, confirmatory action letters, and orders). This achieves a major objective of defining both licensee and NRC actions in a transparent and predictable way. Specifically, an "action matrix" to be developed for the fuel cycle facilities will establish predictable levels of agency response for a given level of performance. These individual components are described in more detail in the following paragraphs, and shown graphically in Attachment 2b to the Enclosure.

Proposed Risk-Informed Baseline Inspection Program

The foundation of the proposed oversight process is the baseline inspection program. The baseline inspection program will be applied to each facility regardless of performance consistent with the scope of licensed activities. It consists of a defined level of inspection effort in each cornerstone. The level of effort should be focused on the areas of greatest risk and on assessing safety and security performance over programmatic implementation. Because of the variability among fuel facilities, a broader set of baseline definitions is needed for fuel facilities than for operating reactors.

The existing core inspection procedures do not consistently identify inspection hours and sample sizes, allowing some inspector discretion to address the variations in facility processes and safety or security significance. In addition, risk insights from ISA implementation have not been systematically incorporated into a sample selection process.

The staff proposes to develop the technical basis for identifying the most risk-significant IROFS and structures, systems, and components to inform the sample selection process for baseline and, as necessary, supplemental inspections. During preparation for the operational readiness reviews of new enrichment facilities, for example, the staff performed a risk ranking of IROFS for the Louisiana Enrichment Services and U.S. Enrichment Corporation gas centrifuge enrichment facilities. The staff proposes to incorporate insights from that experience into a broader effort to develop facility-specific IROFS risk-ranking at a level sufficient to inform sample selection by inspectors. As the core inspection procedures are revised to incorporate these risk insights, the staff proposes to holistically evaluate the allocation of inspection effort and samples among the baseline procedures to ensure that the baseline inspection program will be implemented at each facility in a manner that is risk-informed, predictable, and transparent. The staff will also consider the safety-security interface as they revise the procedures, although to fully address this interface, the NRC will need to establish a requirement to consider this analogous to the requirement in 10 CFR Part 73.

Finally, the staff expects that the FCOP revision will include changes to the Enforcement Policy to allow for the adjudication of inspection findings in a manner more similar to the ROP than traditional enforcement. Forgoing elements of the traditional process, such as written responses to notices of violations, will be based on a demonstration that the licensee has an effective program for problem identification and resolution. Therefore, the staff will include a problem identification and resolution procedure in the baseline inspection program.

Assessment Process

The assessment process begins when an event or inspection finding is identified and evaluated for risk-significance. Similar to the ROP, the staff expects that this population of issues may include any risk-significant condition related to licensed activities, whether or not the condition may be tied to violation of a specific regulatory requirement. The assessment process will include an SDP, an action matrix for determining regulatory response, and a performance assessment process to clearly communicate to licensees and other stakeholders.

The proposed SDP would include risk-informed tools for the ISA-related cornerstones and more deterministic methods, similar to those for certain ROP cornerstones, for the non-ISA cornerstones (e.g., security and emergency preparedness). Short-term actions in the enclosed FCOP plan are focused on technical basis development for the SDP, including defining risk thresholds for characterizing inspection findings. These thresholds will also inform the action matrix. The staff considered two alternatives for the assessment of ISA-related and other risk assessments findings in developing the risk thresholds for the SDP, one qualitative and one quantitative. Both options would use qualitative tools for findings of very low safety significance, but the quantitative option would include development of enhanced quantitative tools for evaluation of more significant findings.

The qualitative option would be aligned with the qualitative nature of most ISAs and would build on the results of staff work to risk-inform enforcement for fuel cycle facilities. Recently, the NRC staff developed a revision of the Enforcement Policy that relies on qualitative risk assessment based on ISAs. The staff is awaiting Commission review of the Policy before finalizing an implementing procedure. In the qualitative option for the risk assessment of ISA-related

findings, the staff would use the qualitative tools developed to implement the revised Enforcement Policy in developing risk-significance of findings, thresholds, and the SDP. Risk determinations would be based on the qualitative likelihood of the degraded condition as provided in the ISA or safety analysis report, the consequences defined in the ISA or safety analysis report, and the duration of the degraded condition. For findings involving an unanalyzed condition, the staff would perform an analysis of the finding using the qualitative methods in NUREG-1520, "Standard Review Plan for the Review of License Applications for a Fuel Cycle Facility," dated March 2002. Recognizing the differences in ISAs and risk assessments, the staff will examine outcomes to ensure that, when judged against similar findings among similar processes at the different licensees, the results are predictable, objective, and reasonable.

In the quantitative option, the staff would use qualitative risk assessment tools to determine if an ISA-related or other risk assessment finding was of potentially greater than very low safety significance. For a finding potentially greater than very low safety significance, the staff would develop a quantitative risk assessment methodology to determine changes in risk as a result of the finding. The staff would have to develop human reliability and equipment reliability tools to provide a more quantitative probability of an occurrence. This probability would be used with the consequences for the affected scenarios in the ISA and the duration of the degraded condition. For findings involving an unanalyzed condition, the staff would use the more quantitative probabilities in conjunction with the qualitative methods for consequence determination consistent with the guidance in NUREG-1520.

The "Pros" and "Cons" for the two options for risk assessment of ISA-related inspection findings are:

Option 1: Qualitative risk determination process

Pros: Risk assessment will be closely linked to risk as shown in ISAs or safety analysis reports which were generally qualitative assessments.

A qualitative process will meet the goals of developing the revised FCOP in that it will result in risk-informed, objective, predictable, and transparent risk determinations and thresholds of significance.

Stakeholders and other members of the public have already reviewed the underpinning of the process during the revision to the Enforcement Policy.

Fewer resources will be required to develop FCOP tools based on this process.

Cons: The risk assessments might not necessarily be directly comparable among licensees for the same finding because of differences in ISAs or other risk assessments.

The risk assessment results might indicate higher than actual risk due to conservatisms and margins in the development of the ISA that are not documented in the ISA.

Option 2: Quantitative risk determination process

Pros: The process will result in a more precise estimation of relative risk and risk degradation. The results will be based on standard tools for quantifying human and equipment reliability and thus will be objective and repeatable among licensees for similar findings.

Cons: The process will be based on numerical analyses using human and equipment reliability tools and thus will be more complex and less transparent.

Development of the process will require more resources than the qualitative approach.

This enhanced process would be applied to a small number of findings each year and the outcome of dispositioning the findings will likely not be significantly enhanced.

A proposed action matrix will be used to determine the appropriate regulatory response to findings that have not screened out of the SDP as having very low significance. Incorporating the SDP risk thresholds and considering all open inspection findings, the action matrix will provide a transparent, predictable, and repeatable process for identifying the regulatory response to a licensee's performance. Potential regulatory actions will include supplemental inspections, management meetings, and issuing confirmatory action letters or orders. The structure of the action matrix will provide for a predictable agency response that is based on a licensee's performance.

Finally, the proposed performance assessment process will use the output of the action matrix to provide transparent and predictable communication of the staff's assessment of licensee performance and associated regulatory response to the licensee and other stakeholders. This communication will include a web site where members of the public could review assessment results and include periodic public meetings to discuss assessment results. This will replace the current licensee performance review process with a process that is more objective, predictable, and efficient.

Enforcement Process

The staff plans to rewrite the Enforcement Policy to be more like the ROP process than traditional enforcement for licensees with CAP that meet certain criteria. In the revised process, the NRC first assesses a potential finding to determine if there were: (1) actual safety or security consequences; (2) potential safety or security consequences; (3) the potential for affecting the NRC's ability to perform its regulatory function; or (4) any willful aspects of the violation. In the rare instances where the violation is willful or affects the NRC's ability to perform its regulatory function, the NRC would impose traditional enforcement measures.

All other violations will be evaluated in the SDP to determine the level of safety or security significance. Licensees must correct findings of very low safety or security significance, but given the limited significance of the findings, the licensees will not be subject to formal enforcement action. Also, if these findings are entered into and dispositioned by the licensee's CAP, they will only be listed as non-cited violations in inspection reports. This revised process results in a significant reduction in both regulatory and administrative burdens for the NRC and the licensees. The staff considers this improvement, alone, to be a major benefit of the FCOP revision.

Performance Indicators

The ROP uses a broad sample of data from risk-informed inspections and PI data in risk significant areas to assess licensee performance. Power reactor licensees continue to measure and voluntarily report PI data to NRC. The PIs are not intended to provide complete coverage of every aspect of plant design and operation, but they are intended to be an effective indicator of licensee performance in the measured areas. In developing the FCOP, the NRC staff was

aware that fuel cycle licensees use a variety of internal corporate performance measures to monitor safety, security, and facility performance. Licensees also already provide a variety of routine and event reports to the NRC, although the thresholds for such reports are not necessarily risk informed or consistent. With this in mind, and given the successful use of PIs in the ROP, the staff thought it reasonable to plan to include PIs as a component of the FCOP.

However, during meetings in 2009, licensee representatives indicated that they were not sure how to designate a PI or develop the associated thresholds. Concerns were also expressed regarding the ability of fuel cycle facilities to develop an effective PI system due to the significant differences in the operations and risk among facilities, as well as their lack of experience with using PIs. The licensee representatives raised concerns about the difficulty that members of the public would have in attempting to compare the performance at one facility to that of another, leading to potentially inaccurate perceptions of relative risk. In addition, the licensee representatives expressed the view that the benefits from PIs were small compared to the costs associated with PI development, implementation, and maintenance. These concerns generally aligned with the staff's analysis of PIs for fuel cycle facilities, which led to the June 2006 Commission directive to discontinue the development of PIs.

The staff agrees that the diversity of processes within a given facility and among facilities complicates the development of statistically significant PIs. Although the diversity among fuel cycle facilities does not preclude applying a uniform set of PIs, further investigation of this issue may reveal the need to develop PIs unique to each facility or types of facilities. The staff notes that this approach would represent a departure from the current application of PIs in the ROP.

Given the challenges associated with the development and use of PIs in the FCOP, the staff considered the merits of developing a revised FCOP without PIs. In particular, the staff assessed whether a risk-informed, performance based fuel cycle facility inspection and assessment program could meet the goals of the FCOP (more objective, predictable, repeatable and transparent). The staff concluded that these goals could be met through the development and application of revised fuel cycle facility inspection procedures focused on safety- and security-significant license activities, an SDP with thresholds based on objective criteria, and with an Action Matrix to support predictable NRC actions.

As a result, the staff recommends placing a lower priority on the development and implementation of PIs because: (1) the goals of the FCOP can be met without including PIs, at this point; (2) the administrative process required to develop and use PIs is substantial (see attachment 3 to the enclosure) ; (3) the staff anticipates PI development to be a lengthy and resource intensive effort based on ROP experience; and finally (4) absent rulemaking, PIs will remain a voluntary aspect of the FCOP. Thus, given the lack of industry interest in, and the complexity of, developing PIs, the staff proposes to defer the development of PIs, and to focus its initial efforts on developing the bases for the SDP and other elements of the FCOP. The staff will continue to evaluate various quantitative measures of performance for potential development and future incorporation into the FCOP.

Knowledge Capture for Efforts to Date

In 2009, the staff made a significant effort to discuss with stakeholders concepts of a risk-informed oversight process. In parallel, the staff provided draft versions of selected revised FCOP basis documents and IMCs for review and comment. As discussed earlier, the NRC issued several major documents for comment and had prepared 10 more for release when it suspended the current effort in response to Commission direction in the SRM for COMGBJ-09-0005. These documents and the comments received provide a foundation for future work.

They are cataloged and stored and will be reviewed as part of a future development phase, following Commission direction on the proposed plan for revising the FCOP.

Program Office Role in FCOP Development and Implementation

The staff plans to follow the directives of IMC 2600, "Fuel Cycle Facility Operational Safety and Safeguards Inspection Program," dated January 27, 2010, which assigns overall program direction (policy) for the fuel cycle inspection program NMSS and assigns general responsibility for implementation of the inspection program elements to Region II. Two components of the inspection program, criticality safety and material control and accounting, have been implemented from NRC Headquarters for many years based on decisions made in 1995 and the late 1980s, respectively. As part of FCOP development, NMSS will review the basis for those earlier decisions in light of the consolidation of fuel facility oversight in Region II and the general principle that the regions generally are best suited organizationally to conduct inspections and implement the oversight process, with support from Headquarters. The staff will provide any resulting recommendations to the Commission. NMSS (Division of Fuel Cycle Safety and Safeguards or, FCSS) will lead the continued development of the FCOP and will be the focal point of contact for internal and external stakeholders. However, the Office of Nuclear Security and Incident Response, the Office of Enforcement, and Region II will provide key support and, under NMSS project management, may be responsible for developing individual components.

Finally, as the FCOP is developed and implemented, the staff will build the processes and procedures for ongoing self-assessment, periodic evaluation for re-alignment of baseline procedures and associated resources, and oversight of program implementation. These functions are not currently funded, but in the future will reside in NMSS/FCSS.

RECOMMENDATION:

Approve the attached plan to develop an FCOP using the qualitative option for risk assessment of ISA-related and risk assessment findings with potentially greater than very low safety significance. In light of the upcoming Commission meeting on this topic, the staff recommends making this paper publicly available in advance of the meeting.

The staff's plan for revising the FCOP is premised on the central theme of making the oversight process more closely aligned with the NRC's ROP. As such, the options described in this paper are minor variations on this theme. The staff recognizes that the Commission has a broader range of alternatives available, including maintaining the current FCOP, as well as making more modest adjustment to enhance the effectiveness and efficiency of the current oversight process without the more significant modifications that would be necessary to adopt the attributes of the ROP. This also includes other alternatives, such as phasing the revisions to the oversight process, such as by making more modest enhancements to the Licensee Performance Review process and the enforcement policy in the near term, followed by more substantive revisions that adopt the ROP approach in the intermediate and longer term. The NRC staff is prepared to implement Commission direction in an open and transparent manner with stakeholders.

The plan, schedule, and resources to support the FCOP revisions will be adjusted in response to Commission direction.

RESOURCES:

Resources for developing the proposed revised FCOP are described in the Enclosure. For the staff's recommended option, resources are included in the FY2011 President's Budget. Resources for FY2012 through FY2014 will be included in future budget requests.

COORDINATION:

The Office of the General Counsel has no legal objection to the FCOP revision. The Office of the Chief Financial Officer reviewed this Commission paper for resource implications and has no objections.

/RA/

R. W. Borchardt
Executive Director
for Operations

Enclosure: FCOP Project Plan and
Resource Estimates

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