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Prepared Remarks by Dale E. Klein
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at the
Electricity Committee

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Good afternoon, and thank you for inviting me. I have been a regulator for a bit more than seven months, and I am discovering something that most of you have long-since learned: it is much easier to be the regulator than the regulated. But having been one of the regulated taught me something about accountability, so when I tell an audience that I intend to hold nuclear licensees accountable for performance, I know what is expected and what can be accomplished.

As Chairman of the Nuclear Regulatory Commission, I am presiding over a new era for the commercial nuclear industry, making preparations for the receipt of the first new nuclear reactor license application in more than 30 years. I know that electricity regulators can appreciate the difficulties associated with changing times, given the enormous changes in the electricity industry over the past 15 years.

I believe that a regulator's primary objective should be providing regulatory stability, and that is my vision for the NRC. My "regulator's mantra" is simple: The NRC will be a strong regulator. We will hold our licensees accountable, we will articulate our requirements clearly, we will be demanding and we will be responsive to their legitimate needs and concerns. All stakeholders – the nuclear industry, the financial community, and especially the public – must be made aware of the status and progress of issues of interest to them to the maximum extent we can provide the information.

In short, the NRC should, to the maximum extent possible, provide the regulatory stability needed in the uncertain first days of a rapidly expanding, technologically complex and capital-intensive industrial sector.

As you undoubtedly know, the issue of whether the NRC would receive the necessary funding to handle the expanded workload ahead was, until recently, in doubt. Congress has acted to approve the funding for us to

move ahead with all needed activities in FY-07. I am a believer that all good things come to those who wait – provided they work feverishly while they're waiting. My fellow Commissioners, the NRC staff and I emphasized very strongly the importance of the work that the NRC is and will be performing and we appreciate the confidence that Congress has placed in us.

Let me spend a little time now describing some of the work ahead of the NRC as we address the expected revival of the commercial nuclear power industry. The NRC has certified four reactor designs, and is working on another, and expects to receive requests for certification of at least two additional designs in the near future. Our program of license renewal is also working smoothly. About half of the nation's nuclear reactors have either received or applied for 20-year extensions of their licenses, and we expect to get dozens more in the future.

Also, the Browns Ferry 1 nuclear plant is seeking approval to restart during the first half of this year, after more than 20 idle years. We are also reviewing a number of applications for uprates. Approval of the Browns Ferry restart and the uprates would put an additional 1680 megawatts of nuclear-generated power on the grid by this summer.

As you may know, the NRC's siting and licensing regulations have improved – and that is an understatement. It is fair to say that the advent of standardized design certification, early site permitting and the combined operating license have contributed significantly to the feasibility of new nuclear projects in the U.S. The NRC is continuing to improve our licensing regulations. Changes to our Part 52 regulations will further enhance their effectiveness and efficiency in all three facets of licensing. We expect that those changes will be finalized shortly.

The new regulatory scheme is now undergoing its first test, with the review of early site permits at three locations. We expect to issue decisions on at least two of these within a matter of weeks. Later this year, and for the first time in 30 years, the NRC expects to receive an application to license a new nuclear plant. To date, we have received letters of interest from several potential applicants that indicate we may expect that first plant to be followed by as many as 30 others. In addition, the NRC is now reviewing applications for a mixed-oxide fuel facility and a new centrifuge uranium enrichment plant. Reviewing a license application for the Yucca Mountain waste repository would also represent a tremendous amount of work, assuming DOE submits its application in July 2008.

All that is on top of our "regular" workload of ensuring that existing reactors continue to operate safely. And despite all the publicity surrounding new reactor applications, we still consider the regulation of existing reactors as our most important duty.

That's primarily because it involves protecting the public's health and safety…but also because the performance of today's reactors directly affects the plans for new plants. I have repeatedly stated that the nuclear industry cannot afford to become complacent, or let their future plans imperil the safety of their current operations. I have repeatedly advised nuclear industry representatives that the NRC will not let the press of new duties dilute our focus on our responsibilities for the safety of existing plants and nuclear materials facilities. If anything, we will be increasing our vigilance if we see troubling signs, because continued safe, efficient performance is so critical. This is also a key to maintaining public confidence in the very companies that are planning new construction.

In preparation for our expanded workload, the NRC already has increased staff by 370 positions in FY2006, and

will add about 600 more positions by the end of next year. Of course, the net increase will be somewhat lower because, like most Federal agencies – and the nuclear industry – we have a graying workforce, and are losing key employees to retirement.

We also have made the necessary organizational changes to handle new reactor applications. Our Office of New Reactors, separate from the Office of Nuclear Reactor Regulation, is up and running, as is a new construction inspection office in Atlanta.

We're still looking at possible procedural changes that would reduce the review time required for early site permits and combined operating licenses, with no compromise on safety. That is not an unrealistic goal, if industry does its job at the beginning of the process.

Another reminder I have repeatedly made to the industry is that a quality submission – Combined Operating License, license renewal, design certification or anything else – takes less time to review than a bad one. Show quality and clarity and the NRC should show you timeliness.

As you undoubtedly know, our review process includes extensive opportunities for public comment…but we would hope that the planners of a nuclear project would have thoroughly educated the public as to their plans before our hearing process begins. And we would also hope that they will realize that failure to have state and local permits in place may delay the start of operations.

We are committed to fully informing and developing two-way information channels with all stakeholders, and that emphatically includes NARUC members. We are now considering how best to inform stakeholders about the many issues associated with new reactor license applications and would welcome suggestions from you as to how best to get you the information you need to play your very important roles in the review process.

The NRC tends to be fixated on the issue of whether a reactor can operate safely, but of course, the basic function of any generating plant is to produce electricity. We must also involve ourselves in such basic issues as assuring that plant construction and operation do not adversely affect the environment, and that the impact of a huge new electricity generating facility on the grid is thoroughly evaluated.

My fellow NRC commissioners and I met recently with our counterparts from the Federal Energy Regulatory Commission on the issue of grid reliability. One of the most personally surprising pieces of information I took away from the meeting was the fact that it may take as long to site, permit and build a transmission line from a new nuclear plant as to site, license and build the plant itself.

It was clear from our meeting – also attended by a representative from the North American Reliability Council – that a stable and reliable grid is important to nuclear safety, and that the 30,000 megawatts of new nuclear plants that might come out of the expected new license applications will have a profound impact on the grid.

We all agreed that it is vital that the electric power industry aggressively pursue integrated planning for both generation and transmission as they consider these new plants. This would permit the transmission infrastructure to be upgraded as necessary, so that there are no surprises – or blackouts.

The NRC will continue working closely with FERC at the staff level, and the commissioners will meet periodically. Speaking for my fellow NRC Commissioners, we would like to add our NARUC counterparts to

the dialogue on a regular basis. We all have the same interests, and the same need to resolve issues where our jurisdictions overlap and ensure that new projects do what they are intended to do – provide a safe and reliable supply of electricity.

Thank you, and now I would like to start the dialogue by taking your questions.
