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On behalf of the Bipartisan Policy Center

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Good morning. I am pleased to appear before you this morning on behalf of the Bipartisan Policy Center to discuss the current state of the Nuclear Regulatory Commission's licensing process for new nuclear reactors.

The Bipartisan Policy Center (BPC) was founded by four former Senate majority leaders -- Tom Daschle, Bob Dole, Howard Baker and George Mitchell. It was created to help forge bipartisan consensus across a range of difficult policy challenges. The BPC's model of principled, bipartisan compromise was pioneered by its first project, the National Commission on Energy Policy (NCEP). I am speaking to you today on behalf of the BPC, but I also serve as a member of NCEP. In addition to NCEP, the BPC also has ongoing projects that address a broad array of other issues, including national security, homeland security, transportation, health care, financial services/national debt, and science.

Last fall, the Chairman of the Nuclear Regulatory Commission, Gregory B. Jaczko, asked the Bipartisan Policy Center to conduct an independent review of the progress that has been made in licensing new nuclear power plants. Together with Former Senator Pete Domenici, who is currently a Senior Fellow at the BPC, I co-chaired this effort. Our aim was to review the current pace of regulatory proceedings and to make recommendations for improving the existing licensing process going forward. In short, we did not find any evidence that either the NRC or industry has needlessly delayed or extended the licensing process. However, we did make a series of detailed recommendations for ways in which the process could be modestly improved for the next tranche of applications and those beyond.

Our review was designed to gather candid, forthright assessments from a representative cross-section of key stakeholders. We began by conducting a series of confidential interviews with a variety of individuals who are now or have been in the past actively engaged in the licensing process. The group included former NRC commissioners, representatives of reactor vendors, applicants for Combined Operating Licenses (COLs), nuclear engineering firms, and

representatives of environmental and other organizations. We also met with staff from the NRC's Office of New Reactors and with the NRC's General Counsel to obtain their perspectives on the implementation of the licensing process. We held 16 individual meetings.

Once we had completed the individual interviews, we hosted a half-day forum to discuss and debate common themes and issues that had been raised during the individual interviews (without attribution) and to elicit additional views and comments. In addition to the individuals we had already interviewed, we invited all of the current applicants for Combined Operating Licenses, representatives of all reactor vendors, and representatives of various intervenor organizations. Approximately 30 participants engaged in an open discussion of a range of issues pertaining to industry interactions with the NRC, the Design Certification progress, and opportunities to improve the processing of Combined Operating License applications.

We completed our review and personally submitted our final letter report to Chairman Jaczko on April 6th. We also had the opportunity to meet with Commissioners Magwood, Ostendorff, and Svinicki that day to present our findings. (Commissioner Apostolakis had not yet been sworn in.) A copy of our letter report is attached to this testimony.

Key Findings

I would like to highlight a few key findings of our review:

- Although the licensing process is new, we found that both the NRC and the industry have been diligent in pursuing the thorough and timely evaluation of license applications. The fact that all parties have experienced some problems in navigating the process was to be expected under the circumstances: the process is new and all the participants lack experience in licensing new reactors. But all those involved have been diligent in working through the issues in a forthright manner. There was a near-unanimous view among the stakeholders that all parties have acted appropriately and in good faith to resolve any problems, and that the NRC has not needlessly delayed or extended the licensing process. Based on our interviews, we believe that the difficulty of obtaining financing is a bigger obstacle to near-term nuclear plant construction than licensing issues.

- The licensing process for new reactors that is now underway has been a learning experience for all involved. Indeed, the NRC has confronted an unprecedented challenge in processing the initial applications. The licensing system embodied in Part 52 of the NRC's regulations had envisioned that applications for COLs would reference designs that had been certified and sites that had the benefit of early site permits. It was anticipated that, with these pieces in place, the review process for COLs would be relatively straightforward. As it happened, numerous COL applications were filed in parallel with applications for certified designs. The staff thus had the challenge of dealing

simultaneously with a large number of overlapping applications that were filed pursuant to an entirely new and largely untested licensing regime. This was further complicated by the fact that new-plant licensing at the NRC has been dormant for many years and needed to be resuscitated. Overall, we believe that the NRC staff has done a remarkable job under trying circumstances. Many stakeholders expect that the lessons learned in the processing of the initial applications will result in changes that will improve the process and make it more transparent and efficient.

- It was also clear from our interviews that there has on occasion been some miscommunication between NRC staff and applicants, leading to some confusion and delay. Much of the confusion can apparently be traced to misunderstandings as to NRC expectations in regard to the level of detail required in applications. Since the licensing process is new, successful templates by which an applicant can measure its filings do not yet exist. This has put the applicants (and interveners) in a difficult position when applications had to be supplemented as the process has moved forward. Some industry representatives acknowledged that they have not always been able to respond to NRC staff's Requests for Additional Information (RAIs) in as timely a manner as they would like -- the responses can on occasion require significant time and effort -- and they also accept some responsibility for past miscommunications. In our judgment, many of these issues should resolve themselves as all sides gain more experience. The Commission and NRC staff should also strive to provide clear guidance to applicants to minimize delays.

- The Commission can, and should, continue to exercise clear leadership to ensure that the processing of the applications continues with the same attention to detail and to efficiency as has been the case to date. The Commission should ensure that the lessons learned in the first round of applications are rigorously applied to make the processing of subsequent applications more efficient.

Conclusion

The interviews that Senator Domenici and I held revealed that both the NRC and industry generally concur that while they have encountered some bumps in the road, they are genuinely respectful of each other's efforts. With clear leadership by the NRC, the lessons learned in the first round of applications can ensure that the processing of subsequent applications is even more efficient.

The Bipartisan Policy Center welcomes further opportunities to work with and support the Senate Committee on Environment and Public Works. Thank you very much for the opportunity to testify today. I am happy to answer any questions.