

efficiency bulletin

September 1, 2016

Efficiency Bulletin: 16–23

Streamlined Use of Off-Site Review Committee

Addressees: Chief nuclear officers and site vice presidents

Issue: OA-5, Streamlined Use of the Off-Site Review Committee

Summary of Efficiency Opportunity

This efficiency bulletin is designed to be implemented in three phases. Phase 1 addresses the “review” element of the traditional quality assurance program approach and outlines the removal of the off-site review committee (ORC) as a licensing commitment. Phase 2 provides streamlined approaches to identifying efficiency opportunities, while Phase 1 is being implemented. Phase 3 establishes a formal strategy to drive alignment with other DNP efficiency bulletins and enables further streamlining and refinement of ORC membership, charters, meeting frequency and level of participation once no regulatory commitments exist.

- Desired end-state—An effective and efficient independent external oversight process that provides for corporate executives an accurate picture of station performance that focuses on nuclear safety and plant reliability.
- Value proposition (vision of excellence)— This efficiency bulletin will provide nuclear organizations with the flexibility to establish an external oversight model tailored to the performance and needs of the station.
- Why it is important?— Removal of the regulatory requirements for the ORC and streamlining external oversight will consolidate activities and utilize both in-house expertise and external resources in the most efficient and useful fashion.

Color Code: Blue
Due: April 2018

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The Nuclear Energy Institute is the nuclear energy industry's policy organization.

This bulletin and additional information about nuclear energy are available at nei.org.

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Background

External oversight provides a critical element for corporate executives to gain a complete and unbiased view of nuclear plant performance and regulatory compliance. The ORC is one aspect of external oversight that has become an industry norm. At the time of its inception, the ORC met some of the required ANSI N18.7 independent review functions and was considered an effective method for sharing limited industry experience and expertise. However, industry experience, communication mechanisms, industry standards and information technology have evolved over the past decades while ORC's charters have expanded beyond safety and reliability issues. In addition, the industry has shifted to plant operations review committees (PORC) and the nuclear oversight organization for performing independent reviews described in Sections 4.3.4, 4.5, and 5.2.11 of ANSI N18.7-1976. This decreases the need for an ORC and also makes the regulatory obligation to have such a body unnecessary.

External oversight is an important element of independent oversight as described in the INPO Performance Objectives and Criteria (PO&C). Specifically, independent oversight should be composed of experienced personnel from outside the company that are involved in providing an ongoing, objective perspective of performance. Traditionally, independent external oversight is accomplished through use of an ORC and was originally established through standard technical specifications. Today, ORCs typically are identified in the quality assurance manual or in the final safety analysis report.

ORCs, independent expert consultants and industry personnel have advanced industry performance and safety. Oversight reviewers should be independent and some members should be external to the operating company in order to establish independent perspectives and facilitate candid and unbiased dialogue. Although this external oversight function is necessary, it can be expensive and is not typically applied in a manner commensurate with plant performance. In addition to the direct cost of the review, there is the much larger cost of preparing for it, supporting the review effort and addressing identified issues, many of which are outside the ORC's original scope.

The objective of this efficiency bulletin is to establish an external oversight process that effectively and efficiently provides an accurate picture of plant performance. The bulletin uses a three-phase approach to accomplish this objective: remove the formal licensing requirement for the ORC and, in two later phases, scale the ORC to what is necessary to meet the requirements of INPO PO&C's (specifically objective CO.4, Corporate Independent Oversight). This will permit licensees to more effectively plan and target ORC activities.

For most licensees, this will require a revision to their quality assurance program to eliminate formal ORC commitments to the NRC. This bulletin is provided to support implementation of the change under licensee control in accordance with 10 CFR 50.54(a)(3)(ii), which allows "the use of a quality assurance alternative or exception approved by an NRC safety evaluation, provided that the bases of the NRC approval are applicable to the licensee's facility." Licensees that have technical specification requirements for the ORC must complete a license amendment.

The basis for use of this efficiency bulletin (Phase 1) is a revision to the Nuclear Management Co., LLC (NMC) quality assurance program¹, which was approved by the NRC. Other utilities have also removed or are in the process of removing the ORC from their quality assurance program through the license amendment process.

¹ The NMC submittal identified the removal of the ORC requirements as a reduction in commitment, needing explicit review and approval by the NRC prior to implementation. An analysis of the acceptability of the reduction in commitment change was dedicated solely to this change and provided in an enclosure to the submittal letter. The precedent action for NMC is used as the sole basis for demonstration of compliance with 10 CFR 50.54 (a)(3) related to the removal of the ORC requirements; however, several other licensees, including Florida Power & Light Co. and South Texas Project Nuclear Operating Co., have removed quality assurance program requirements. Changes to those sections of the quality assurance program addressing or mapping where the "review" element will be fulfilled will be necessary to fully implement the acceptable alternative approved for NMC. Specific analysis of the applicability of the NMC action to the individual commitments in the licensee's current quality assurance programs should be performed and administrative procedures and training completed.

Key to Color Codes:

Red: NSIAC initiative – full participation required for viability

Blue: Action expected at all sites, but is not needed for broad industry viability

Green: Utility discretion to implement, consistent with its business environment

Relevant Standards

- ANSI N18.7-1976 / ANS-3.2, Administrative Controls and Quality Assurance for the Operational Phase of Nuclear Power Plants
- NQA-1, Nuclear Quality Assurance
- INPO 12-013, Performance Objectives and Criteria
- NEI 09-07, Fostering a Strong Nuclear Safety Culture
- INPO IER L1-13-10, Nuclear Accident at the Fukushima Daiichi Nuclear Power Station

Guidance

Efficiencies may be realized by implementing changes to the ORC to refocus on the core requirements and standards. This efficiency bulletin provides recommended actions for three changes related to the ORC. First, licensees should remove the regulatory requirement for the ORC. Second, while the process for removing the requirement is in process, licensees should, within the bounds of the existing regulatory commitments, reduce the level of oversight controls (scope, external and internal membership, quorum, frequency, etc.) where appropriate. Finally, with the regulatory requirement removed, guidance and recommended actions to further streamline the ORC is provided.

Recommended Industry Actions

Phase 1:

- Licensees should process a proposed change to their quality assurance program under licensee control in accordance with 10 CFR 50.54(a) using the NRC-approved safety evaluation for NMC² as the basis to remove regulatory requirements for the ORC.
- Compare the basis for NMC's removal of the ORC requirements in the NRC safety evaluation with the licensee's current quality assurance program and determine if any changes are required.
- Implement the identified changes to the quality assurance program, such as providing additional oversight responsibilities for the corporate functional area managers, nuclear oversight organization and/or the Plant Review Board.
- Revise administrative procedures as necessary to reflect changes made in oversight responsibilities. Revised procedures must be in effect prior to the approval of the quality assurance program revision.

Phase 2 (while Phase 1 is being implemented):

- Licensees should review their regulatory obligations for the ORC and reduce or eliminate low-value processes and practices that are not required. ORC changes may include reductions in meeting scope and frequencies, use of external membership, minimizing the number of subcommittees, use of internal members from other locations, and quorum requirements. Additionally, a graded approach (i.e. more frequent meetings, more external members or increased scope) should be implemented when performance decline is identified. Reducing the rigor of external oversight is a corporate executive decision and should be considered based on effectiveness of internal oversight and assessment as well as plant performance. Regulatory requirements must continue to be met while streamlining the ORC. Any actual change to streamline the ORC oversight activities should be implemented through revision of a licensee's administrative procedures.

² NRC ADAMS Accession Number: ML050210276

- Consider reducing external membership through a review of required expertise for quorum. Consider the use of resource sharing among companies to meet external requirements. If internal experience is available within the company, use them as well. This will allow for a substantial reduction in consultant fees.
- Consider reducing ORC meeting frequency.
- Consider limiting the scope of the review to required “review” functions. Do this by comparing the ANSI N18.7 version committed by the quality assurance program and align agendas and subcommittee chair activities to report out on only those attributes.

Phase 3 (when Phase 1 is complete):

- Implementation of quality assurance program changes allows licensees to further streamline ORC oversight while continuing to meet industry standards of excellence. This additional streamlining is at the discretion of the specific plant or company. However, INPO performance requirements for independent oversight, including the use of external personnel, shall be maintained.
- As a part of the organizational assessment strategy, design an external oversight function that utilizes a graded approach based on plant performance and considers internal oversight effectiveness.
- Escalation of resources in number, frequency, level of expertise, independence etc., should be based on plant performance indices and other performance inputs.
- Ensure organizational assessment strategy plan considers INPO PO&Cs.

Change Management Considerations

Industry Activities

- Industry webinar to provide background for initiative, INPO discussion, and provide an open forum to clarify expectations and ask questions. Information on the webinar is available at <https://web.inpo.org/Pages/Nuclear-Promise-Issues.aspx>.

Company Actions

- Analyze several years of ORC reports and determine if identified issues would have been identified by internal oversight.
- Develop and implement change management and communication plans regarding implementation of the proposed changes to ensure all stakeholders are aware of changes before final implementation.

Guidelines

- Assess the effectiveness of internal oversight to identify issues as appropriate.
- Perform an effectiveness review no later than one year after implementation to determine if revisions to ORC strategies have adversely affected the quality of the oversight program (consider an external member for this review).
- Conduct biannual nuclear safety culture assessments and nuclear safety culture surveys.

Report Your Site's Results

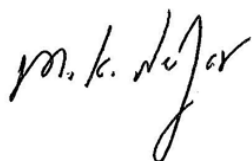
Please report your company's implementation of this improvement opportunity, including the date of completion, cost to implement and projected cost savings. Send this information along with your company point of contact to EfficiencyBulletin@NEI.org.

Industry Contacts

- Industry champion for this issue: Greg Halnon, 330-436-1369, ghalnon@firstenergycorp.com
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