

efficiency bulletin

Dec. 2, 2016

Efficiency Bulletin: 16-27b

Optimized Corporate Oversight and Assessment

Oversight and assessment activities performed by corporate organizations and stations (for single-site utilities) will be optimized such that the necessary functions are conducted without redundancy. This efficiency bulletin describes a methodology to analyze oversight activities that assure the optimum level of outside perspective is provided at each level of the organization.

Addressees: Chief nuclear officers, NEI APCs and INPO APCs

Issue: OA-2B.1, Optimize Corporate Oversight and Assessment

Summary of Efficiency Opportunity

- Desired end-state—A reduction in the duplication of oversight and assessment activities performed by the fleet, corporate and/or station staff.
- The fleet, corporate and/or station staff efficiently and effectively conduct site/fleet assessment and performance monitoring activities, including the following elements:
 - assess fleet, site and functional area performance and trajectories
 - efficiently communicate and report performance to stakeholders
 - assess line management's effectiveness at preventing, detecting and promptly correcting operational events and performance declines
 - assess management awareness of risk, organizational effectiveness, worker behaviors, and the ability to take prompt and effective actions to resolve problems
 - assess nuclear safety culture.

Color Code: GREEN

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NUCLEAR ENERGY INSTITUTE

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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- Value proposition (vision of excellence)—This efficiency bulletin provides a framework and a methodology for optimizing oversight and assessment activities performed by corporate groups, including the traditional NOS/QA assessment function, the CFAM organization, fleet assessment groups, station assessment groups and corporate leaders themselves. The ultimate objective is to reduce assessment resources by:
 - eliminating low-value oversight activities and tasks
 - reducing the frequency of selected oversight activities
 - eliminating redundancy by consolidating similar oversight and assessment activities currently performed by multiple organizations within the corporate structure.

Implementation of these initiatives will reduce burdens imposed by redundant oversight activities, creating opportunities to reduce O&M costs. It is important to note that this efficiency bulletin does not prescribe a standard oversight organizational structure to be adopted by each utility. Because our industry consists of variously sized fleets, quasi-corporate "alliance" organizations, as well as single-site utilities with small corporate staffs (e.g., no CFAMs), mandating a standard oversight/assessment organization would not be effective, efficient or even practical for every utility.

This efficiency bulletin provides an approach that enables each utility to attain the desired outcome but also allows each utility the flexibility to determine the optimum approach for their Governance, Oversight, Support and Perform (GOSP) model, their desired corporate staffing levels, and the overall performance of their plants and fleet. This efficiency bulletin lists some utilities that have implemented assessment/oversight organizational models that differ from the typical model currently in use. Utilities should consider benchmarking when performing their internal analysis. See the Change Management section.

Definitions:

Oversight: Oversight is the verification that the standards, expectations and goals established through governance of the organization are met. Executives, line management and oversight organizations identify performance gaps for corrective action, monitor the effectiveness of corrective actions and escalate issues to higher levels of line management when necessary. Oversight—through its fundamental elements of audit, evaluation, monitoring, inspection and investigation—enhances organizational effectiveness, productivity and integrity. (Source: INPO 11-007, Principles for Strong Governance and Oversight of Nuclear Power Organizations)

Assessment: A comparison of actual work practices, behaviors and performance results to applicable internal requirements, established organizational goals or the INPO Performance Objectives and Criteria. Assessment is performed as an oversight function in reference to GOSP.

Independence: Independence is maintained between oversight personnel and line management such that the oversight organization has the authority and organizational freedom to identify issues and verify solution implementation.

- The fleet and/or corporate staff will efficiently and effectively assess and provide oversight of the following for each nuclear organization (site/fleet):
 - performance metrics

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

- leadership and team effectiveness attributes
 - human performance behaviors and results
 - performance improvement to achieve and sustain excellence
 - prevention, detection and correction of subtle signs of decline before they become consequential
 - strategic planning for both long-term organizational health and asset protection
 - performance trajectory
 - significant issue action/recovery plan status and effectiveness
 - project, operational and enterprise risk
 - organizational effectiveness
 - functional area performance
 - nuclear safety culture.
- Maximum benefit is obtained when this efficiency opportunity is implemented in conjunction with efficiency bulletins EB 16-27a, "Consolidation of Oversight Meetings" and EB 16-27c, "Graded Approach for Executive Engagement in Performance Assessment."

Relevant Standards

- NUREG-0737, Clarification of TMI Action Plan Requirements, I.B.1.2, Independent Safety Engineering Group
- NIEP GUIDE-001, Nuclear Industry Evaluation Program Performance Objectives And Attributes, Corporate Oversight PO&C E.9-E.13
- 10 CFR 50.34, Contents of Applications; technical information
- NUREG-1431, Standard Technical Specifications Westinghouse Plants, Section 5.2, Organization (or equivalent)
- NUREG-0800, Standard Review Plan, Section 13.1, Plant Organization
- ANS 3.2 / ANSI N18.7-1976, Administrative Controls and Quality Assurance for the Operational Phase of Nuclear Power Plants (or equivalent)
- INPO 15-012 Behaviors and Actions That Support Leadership and Team Effectiveness, by Organizational Level
- INPO 15-005 Leadership and Team Effectiveness Attributes

Guidance

- INPO 11-007, "Principles for Strong Governance and Oversight of Nuclear Power Organizations"
- INPO 12-011, "An Implementation Framework to Significantly Improve Nuclear Plant Performance"
- INPO 12-013, Performance Objectives and Criteria CO.3 and CO.4; OR.1, 2 and 5; and PI.1

Recommend Industry Actions

- Using the attached methodology (or equivalent), review, analyze and optimize oversight and assessment activities performed by corporate groups:
 - Eliminate low-value oversight and assessment activities, burdens and tasks.
 - Reduce the frequency of selected oversight and/or assessment activities where possible without compromising the effectiveness of these activities.
 - Eliminate redundancy by consolidating similar oversight and assessment activities currently performed by more than one corporate group, and assign responsibility to only one group.
- Conduct an aggregate review of planned changes in response to this efficiency bulletin, and the other changes planned in response to other efficiency bulletins associated with oversight and assessment (e.g., Line

Management Oversight and Off-Site Safety Review Committee). Ensure that the overall impact of all planned oversight changes does not create a significant unintended gap that could compromise effectiveness.

- Determine the most efficient organizational structure (minimum organizational size balanced with appropriate skill set and experience) that can effectively implement the desired changes to corporate oversight and assessment. This may involve realignment of roles and responsibilities among existing organizational units, consolidation of existing organizations into a single organization (or fewer organizations), or replacement of any or all current oversight organizations with an entirely new organization. Each utility should determine the appropriate number, optimum location and the requisite level of independence required for assessment resources to perform their assigned function.
- Implement the change to the organization in an orderly manner.
- Assess the effectiveness of the implemented initiatives 12 months following implementation and make necessary adjustments.

The recommended methodology to review, analyze and optimize oversight and assessment activities performed by corporate groups is provided in Attachment 1.

Change Management Considerations

Industry Activities

- An industry webinar to provide background on the initiative, discussion, and an open forum to clarify expectations and ask questions. Webinar information can be found at <https://web.inpo.org/Pages/Nuclear-Promise-Issues.aspx>

Company Actions

Use fleet or station change management processes as appropriate.

Three-step Approach:

- Step 1 is to review assessment processes to identify duplication and redundancy. Typically, this will involve centralizing and/or consolidating functions currently residing in performance improvement, NOS assessment and with CFAMs. Benchmark the assessment changes at Dominion, NextEra, Exelon and PSEG for consideration when performing the analysis. Stations should review appropriate quality assurance documents or topical reports including (1) UFSAR Chapter 13.1 and (2) commitments to NUREG-0737, I.B.1.2, if required when implementing this efficiency bulletin.
- Step 2 is to plan the implementation. Consider implementation in phases based on station performance, scheduled activities such as INPO evaluations, quality assurance document changes and reviews, and personnel assignments. Expect time to implement to be six months to a year. For example, one fleet announced a similar change in mid-2015 and it required eight months to get the document changes and personnel in place to fully implement the change.
- Step 3 is to implement the change.

Report Your Site's Results

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

Industry Contacts

- Industry champion for this issue: Joellen Muntz, 610-765-5888, joellen.muntz@exeloncorp.com

- INPO contact: Gary Waldrep, 770-644-8626, waldrepg@inpo.org
- NEI contact: James Slider, 202-739-8015, jes@nei.org
- On the web: www.nei.org/bulletin1627b

Industry Approval:

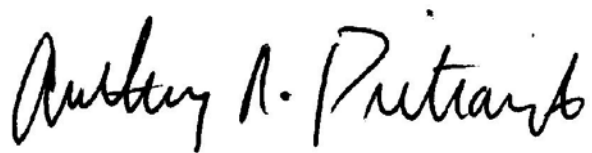
Mano Nazar, CNO Lead

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Attachment 1 Detailed Guidance

1. Optimize Oversight and Assessment Functions and Activities

a. List all current functions and activities provided by corporate organizations which currently provide oversight and assessment. With stakeholder input, prioritize these functions based on the value that they provide, using ratings such as the following:

- (1) Essential
- (2) Important
- (3) Adds value (but not necessary)
- (4) Unnecessary

(The following table provides an example, using organizations common to many (but not all) utilities with check marks added for illustration only.)

Function/Activity	Organization(s) <u>currently</u> performing this role				Value	Comments
	Nuclear Oversight	CFAM	Fleet Assessment	Other		
Behavioral Observations	x		x			
Development of AFIs	x		x			
Development of Elevations/Escalations	x	x				
Rating of overall station performance		x	x			
Performance of readiness or verification-type assessments for line organizations. (see examples below) ^{Note 1}		x		x		
• NRC Inspection Readiness						
• Major Project milestone readiness and integrity						
• etc						
Identify trajectory of station performance			x			
Rating of functional area (FA) performance	x	x	x			
Identify current trend of (FA) performance	x					
Identify trajectory of (FA) performance	x					
• Org. Effectiveness	x		x			
• Nuclear Safety Culture						
• Operations	x	x	x			
• Maintenance	x	x	x			
• Work Management	x	x				
• Engineering	x	x	x			
• Training	x	x				
• Emergency Preparedness		x				
• Security		x				
• (Etc.)						
INPO Evaluation Preparation		x	x			
Prompt Event Reviews		x				
Independent Oversight	x					

Note 1: Over time, some oversight/assessment organizations have been assigned to conduct independent readiness reviews and assessments that may be more appropriately performed by the line organization accountable for the activity being assessed.

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- b. Identify the optimum set of oversight and assessment functions and activities by eliminating the activities that are unnecessary (4s), and eliminating or addressing those that add marginal value (3s).
- c. For remaining functions currently performed by more than one organization, determine which organization is best suited to continue performing that function or consider combining the functions into a new organization. Only perform that function using one organization.

2. Optimize Reporting Mechanisms

- a. List all reporting mechanisms that are used by these organizations to inform stakeholders of results. With stakeholder input, prioritize these reporting mechanisms based on the value that they provide, using ratings such as the following:
 - (1) Essential
 - (2) Important
 - (3) Adds value (but not necessary)
 - (4) Unnecessary

(The following table provides an example, using organizations common to many (but not all) utilities with check marks added for illustration only.)

Reporting Mechanism	Organization(s) currently responsible				Value	Comments
	Nuclear Oversight	CFAM	Fleet Assessment	Other		
Cycle Report	x					
Midcycle Report			x			
Quarterly Report			x			
Monthly Report	x	x				
Weekly Reports				x		
Functional Area KPIs	x	x		x		
Etc.						
Etc.						

- b. Identify the optimum set of reporting mechanisms by eliminating mechanisms that are unnecessary (4s), and eliminating or addressing those that add marginal value (3s).
- c. For remaining reporting mechanisms currently performed by more than one organization, determine which organization is best suited to continue these reports. (This may be an existing organization or a new organization.) Only perform that function using one organization.
- d. Optimize the remaining reports by reviewing the scope and content of the reports such that effort is not wasted on providing nonessential information in the reports.
- e. Challenge all reports: In a recent case a utility was able to reduce from 40 plus reports to less than 10.

Attachment 1 Detailed Guidance

3. Optimize Oversight and Assessment Meeting Participation

- a. List all current scheduled and ad hoc meetings (including conference calls) used to enable corporate oversight and assessment of station and fleet performance. Include the intended stakeholders of these meetings as well as other participants who routinely participate but are not essential. Determine if the meetings are needed, if the periodicity is appropriate and whether actual attendance at these meetings is appropriate. The following is an example of meetings and forums.

Meeting or Conference Call	Freq	Stakeholder(s)	Expected/Reqd Attendance	Non-essential participants	Value	Comments
Corporate MRMs						
Station MRMs						
Functional Area (FA) MRMs						
• Operations						
• Maintenance						
• Work Management						
• Engineering						
• Training						
• Emergency Preparedness						
• Security						
• Etc.						
Functional Area Organizational Effectiveness Reviews						
Executive Nuclear Safety Review Board						
Fleet NSCMP Meetings						
Executive Training Review Bd.						
Corp. Outage Critique Meeting						
Fleet Challenge Meeting						
Observation Review Meetings						
Weekly Leadership Conference Calls						
Etc.						
Etc.						

- b. Identify the optimum set of oversight/assessment meetings by eliminating meetings that are unnecessary (4s), and eliminating or addressing those that add marginal value (3s).
- c. For remaining meetings, optimize the frequency (reduce frequency where possible).
- d. Review the scope of, and streamline the agenda for, each remaining meeting to reduce meeting duration.

Attachment 1
Detailed Guidance

e. Restrict meeting attendance to stakeholders and necessary participants

- 4. In the aggregate, review the resource commitments necessary to support steps 1, 2 and 3 above and determine the optimal (minimum) staff size necessary to adequately perform the remaining functions.**
- 5. Determine the organizational structure that is optimal, considering effectiveness and staff size, to perform oversight and assessment functions.**
- 6. Conduct an aggregate review of planned changes in response to this efficiency bulletin and the other changes planned in response other efficiency bulletins associated with oversight and assessment (e.g., Line Management Oversight and Off-site Safety Review Committee). Ensure that the overall impact of all planned oversight changes does not create a significant unintended gap.**
- 7. Implement the changes to the organization using site/fleet change management processes.**