

**NUCLEAR REGULATORY COMMISSION**

**[NRC-2013-0252]**

<b>In the Matter of</b>	)	
	)	
<b>Calvert Cliffs Nuclear Power Plant, LLC</b>	)	<b>Docket Nos. 50-317</b>
	)	<b>50-318</b>
<b>Exelon Generation Company, LLC</b>	)	<b>72-8</b>
	)	<b>License Nos. DPR-53</b>
<b>(Calvert Cliffs Nuclear Power Plant,</b>	)	<b>DPR-69</b>
<b>Units 1 and 2 and Independent Spent</b>	)	<b>SNM-2505</b>
<b>Fuel Storage Installation)</b>	)	

**Order Approving Direct Transfer of Licenses  
and Conforming Amendments**

**I.**

Calvert Cliffs Nuclear Power Plant, LLC (Calvert Cliffs, LLC or the licensee), is the holder of Renewed Facility Operating License Nos. DPR-53 and DPR-69 and Materials License No. SNM-2505, which authorizes the possession, use, and operation of Calvert Cliffs Nuclear Power Plant, Units 1 and 2 (Calvert Cliffs 1 and 2 or the facility), including an Independent Spent Fuel Storage Installation (ISFSI). The facility and its ISFSI are located in Calvert County, Maryland.

**II.**

By application dated August 6, 2013, as supplemented by letters and emails dated August 14, 2013, September 23 and 26, 2013, December 17, 2013, January 9, 2014, and February 5, 10, 14, and 21, 2014 (together, the application), Constellation Energy Nuclear Group, LLC (CENG) requested on behalf of itself, its subsidiary licensee, Calvert Cliffs, LLC, and Exelon Generation Company, LLC (Exelon Generation) (together, the applicants), that the U.S. Nuclear Regulatory Commission (NRC) approve the proposed direct transfer of operating authority of the facility and its ISFSI to Exelon Generation. The applicants also requested

approval of conforming license amendments that would reflect the proposed transfer of operating authority to Exelon Generation. Prior to the transfer, Exelon Generation was an intermediate 50.01 percent parent company of CENG, which is the parent company owner of Calvert Cliffs, LLC. After completion of the proposed transfer, Exelon Generation would remain an intermediate parent company and also become the co-licensee of Calvert Cliffs, LLC and the operator of Calvert Cliffs 1 and 2. Exelon Generation will assume direct licensed responsibility for the operation of the facility and its ISFSI, but the ownership will not be affected. There will be no physical changes to the facility and no adverse changes in day-to-day operations.

Approval of the direct transfer of the renewed facility operating licenses, the materials license, and conforming amendments was requested by the applicants pursuant to Sections 50.80, 50.90, and 72.50 of Title 10 of the *Code of Federal Regulations* (10 CFR). A notice entitled, "Consideration of Approval of Transfer of Renewed Facility Operating Licenses, Materials Licenses, and Conforming Amendments Containing Sensitive Unclassified Non-Safeguards Information," was published in the *Federal Register* on December 26, 2013 (78 FR 78411). No comments or hearing requests were received.

Pursuant to 10 CFR 50.80 and 72.50, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the NRC shall give its consent in writing. Upon review of the information in the application, and other information before the Commission, the NRC staff has determined that Exelon Generation is qualified to acquire and hold the operating authority under the licenses previously held by the licensee, and that the transfer of the licenses, as proposed in the application, is otherwise consistent with the applicable provisions of law, regulations, and orders issued by the Commission, pursuant thereto, subject to the conditions set forth below. The NRC staff has further found that the application for the proposed conforming amendments complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the

Commission's rules and regulations set forth in 10 CFR Chapter I; the facilities will operate in conformity with the application, the provisions of the Act and the rules and regulations of the Commission; there is reasonable assurance that the activities authorized by the proposed license amendments can be conducted without endangering the health and safety of the public and that such activities will be conducted in compliance with the Commission's regulations; the issuance of the proposed conforming amendments will not be inimical to the common defense and security or to the health and safety of the public; and the issuance of the proposed conforming amendments will be in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

The findings set forth above are supported by the NRC staff's safety evaluation dated the same day as this Order.

### III.

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Act, 42 U.S.C. Sections 2201(b), 2201(i), 2201(o), and 2234; and 10 CFR 50.80 and 72.50, IT IS HEREBY ORDERED that the direct license transfer of the operating authority of the licenses from the licensee to Exelon Generation, as described herein, is approved, subject to the following conditions:

1. The existing E.D.F. International S.A.S. Support Agreement of approximately \$145 million, dated November 6, 2009, may not be amended or modified without 30 days prior written notice to the Director of the Office of Nuclear Reactor Regulation or his designee. Calvert Cliffs, LLC, CENG, or Exelon Generation shall not take any action to cause E.D.F. International S.A.S., or its successors and assigns, to void, cancel, or materially modify the E.D.F. International S.A.S. Support Agreement or cause it to fail to perform, or impair its performance under

the E.D.F. International S.A.S. Support Agreement, without the prior written consent of the NRC. Exelon Generation shall inform the NRC in writing no later than 14 days after any funds are provided to or for the CENG subsidiary licensee under the E.D.F. International S.A.S. Support Agreement.

2. Exelon Corporation shall, no later than the time the license transfers occur, enter into a Support Agreement of approximately \$245 million with the licensee. The Exelon Corporation Support Agreement shall supersede the Support Agreement provided by Exelon Generation, dated March 12, 2012, in all respects and shall be consistent with the representations contained in the August 6, 2013 transfer application. Calvert Cliffs, LLC, CENG, or Exelon Generation shall not take any action to cause Exelon Corporation, or its successors and assigns, to void, cancel, or materially modify the Exelon Corporation Support Agreement or cause it to fail to perform, or impair its performance under the Exelon Corporation Support Agreement, without the prior written consent of the NRC. The Exelon Corporation Support Agreement may not be amended or modified without 30 days prior written notice to the Director of the Office of Nuclear Reactor Regulation or his designee. An executed copy of the Exelon Corporation Support Agreement shall be submitted to the NRC no later than 30 days after the completion of the proposed transaction and license transfers. Exelon Generation shall inform the NRC in writing no later than 14 days after any funds are provided to or for the licensee under the Exelon Corporation Support Agreement.
3. Exelon Corporation shall, no later than the time the license transfers occur, provide a parent guarantee in the amount of \$165 million to ensure a source of funds for the facility in the event that the existing cash pool between the licensee and CENG is insufficient to cover operating costs. The existing CENG cash pool

arrangement shall be consistent with the representations contained in the 2009 Transfer Application dated January 22, 2009 (ADAMS Accession No. ML090290101). Calvert Cliffs, LLC, CENG, or Exelon Generation shall not take any action to cause Exelon Corporation, or its successors and assigns, to void, cancel or materially modify the parent guarantee or cause it to fail to perform, or impair its performance under the parent guarantee without the prior written consent of the NRC.

4. Within 14 days of the license transfers, Exelon Generation shall submit to the NRC the Nuclear Operating Services Agreement reflecting the terms set forth in the application dated August 6, 2013. Section 7.1 of the Nuclear Operating Services Agreement may not be modified in any material respect related to financial arrangements that would adversely impact the ability of the licensee to fund safety-related activities authorized by the license without the prior written consent of the Director of the Office of Nuclear Reactor Regulation.
5. Within 10 days of the license transfers, Exelon Generation shall submit to the NRC the amended CENG Operating Agreement reflecting the terms set forth in the application dated August 6, 2013. The amended and restated Operating Agreement may not be modified in any material respect concerning decisionmaking authority over safety, security and reliability without the prior written consent of the Director of the Office of Nuclear Reactor Regulation.
6. At least half the members of the CENG Board of Directors must be U.S. citizens.
7. The CENG Chief Executive Officer, Chief Nuclear Officer, and Chairman of the CENG Board of Directors must be U.S. citizens. These individuals shall have the responsibility and exclusive authority to ensure and shall ensure that the business and activities of CENG with respect to the facility's license are at all

times conducted in a manner consistent with the public health and safety and common defense and security of the United States.

8. CENG will retain its Nuclear Advisory Committee (NAC) composed of U.S. citizens who are not officers, directors, or employees of CENG, EDF Inc., Constellation Nuclear, LLC, or CE Nuclear, LLC. The NAC will report to, and provide transparency to, the NRC and other U.S. governmental agencies regarding foreign ownership and control of nuclear operations.
9. The NAC shall prepare an annual report regarding the status of foreign ownership, control, or domination of the licensed activities of power reactors under the control, in whole or part, of CENG. The NAC report shall be submitted to the NRC within 30 days of completion, or by January 31 of each year (whichever occurs first). No action shall be taken by CENG or any entity to cause Constellation Nuclear, LLC, Exelon Generation, or their parent companies, subsidiaries or successors to modify the NAC report before submittal to the NRC. The NAC report shall be made available to the public, with the potential exception of information that meets the requirements for withholding such information from public disclosure under the regulations of 10 CFR 2.390, "Public Inspections, Exemptions, Requests for Withholding."
10. Before completion of the direct transfer of the Calvert Cliffs 1 and 2 and ISFSI licenses, Exelon Generation shall provide the Director of the Office of Nuclear Reactor Regulation satisfactory documentary evidence that the licensees have obtained the appropriate amount of primary and secondary insurance, and have complied with the requirements of 10 CFR Part 140 of the Commission's regulations.

IT IS FURTHER ORDERED that consistent with 10 CFR 2.1315(b), the amendments that make changes, as indicated in Enclosure 2 to the cover letter forwarding this Order, to conform the licenses to reflect the subject direct transfer, are approved. The license amendments shall be issued and made effective at the time the proposed direct transfer action is consummated.

IT IS FURTHER ORDERED that after receipt of all required regulatory approvals for the proposed direct transfer action, Exelon Generation shall inform the Director of the Office of Nuclear Reactor Regulation in writing of such receipt no later than 2 business day prior to the date of the closing of the direct transfer. Should the proposed direct transfer not be completed within one year of this Order's date of issuance, this Order shall become null and void, provided, however, upon written application and good cause shown, such date may be extended by order.

This Order is effective upon issuance.

For further details with respect to this Order, see the application and the non-proprietary safety evaluation dated the same date as this Order, which are available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Room O-1 F21, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available documents created or received at the NRC are accessible electronically through Agencywide Documents Access and Management System (ADAMS) in the NRC Library at <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR reference staff by telephone at 1-800-397-4209, or 301-415-4737, or by e-mail to [pdr.resource@nrc.gov](mailto:pdr.resource@nrc.gov).

Dated at Rockville, Maryland this 24<sup>th</sup> day of March 2014.

FOR THE NUCLEAR REGULATORY COMMISSION

*/ra/*

Eric J. Leeds, Director  
Office of Nuclear Reactor Regulation

*/ra/*

Catherine Haney, Director  
Office of Nuclear Material Safety and Safeguards