

NOTATION VOTE

RESPONSE SHEET

TO: Annette Vietti-Cook, Secretary

FROM: Commissioner Ostendorff

SUBJECT: SECY-16-0075: PROPOSED MERGER OF THE
OFFICES OF NEW REACTORS AND NUCLEAR
REACTOR REGULATION

Approved XX Disapproved _____ Abstain _____ Not Participating _____

COMMENTS: Below _____ Attached XX None _____

Entered in STARS

Yes X
No _____



Signature

6/21/16

Date

**Commissioner Ostendorff's Comments on SECY-16-0075,
"Proposed Merger of the Offices of New Reactors and Nuclear Reactor Regulation"**

I appreciate the staff's paper on the NRR and NRO merger. Though I will soon be leaving the NRC when my term ends June 30, I want to communicate my views on certain aspects of the paper.

First, I will address future workload considerations. With regard to NRO, the new reactor workload has reduced significantly since I arrived at the NRC in 2010. At that time, the staff was reviewing sixteen combined license applications for twenty-eight new units. Four of these reviews were completed, and combined licenses were issued for seven units. However, about half of the twenty-eight applications have been withdrawn or suspended at the request of the applicant. This leaves four applications for seven units under review, and these reviews are scheduled to be completed within a year. Since 2010, the NRC has also completed the AP1000 and ABWR design certification amendments and the ESBWR design certification. We are scheduled to receive only one application for a small modular reactor design certification (NuScale) in the next few years, and realistically we are still several years away from any non-light water reactor applications.

Similarly, with regard to NRR, the number of operating reactors is decreasing. Five units prematurely shut down over the last three years and another seven units are slated for closure in the next three years. Just today, Pacific Gas and Electric announced that they are no longer seeking to renew the operating license for Diablo Canyon and will close the facility in 2025.

Second, I will address the office differences referenced in the paper. I agree that some differences exist and that a merger of the two offices would address the offices' occasionally divergent approaches in a manner that is consistent with our Principles of Good Regulation. Among the relevant differences I see are the technical approaches to addressing flooding hazards and digital instrumentation and control.

Third, I understand the concern that there may never be a good time to merge. But I do not see value in the Commission's approving a merger in concept without an accompanying target date for an actual merger. Concrete dates are necessary to allow the NRC to properly plan for personnel staffing (e.g., future SES succession planning), budget formulation, and office space requirements. None of these can be effectively accomplished without a concrete timeline.

It is under this backdrop that I vote to approve the reorganization plan to merge NRR and NRO. The merger should begin by October 1, 2018, and the merger should be fully implemented no later than September 30, 2019. This allows ample time to conduct a smooth and thoughtful transition and to factor the merger into the FY19 budget request, succession planning, and future SES candidate decisions. The Directors of the NRR and NRO should consider opportunities to commence merger activities prior to the beginning of FY19.

In formulating the merger plan, the staff should not limit itself to prior or current organizational structures (i.e., the NRR organization prior to establishing NRO or the current NRO and NRR organization). Rather, the EDO and Office Directors should take a strategic look at where the work is and will be and start with a clean slate.

If facts change such that there is a significant increase in the projected new reactor workload, the staff should inform the Commission of any impacts to the transition plan and should request a change to the merger schedule, if necessary.