

NUCLEAR REGULATORY COMMISSION

[Docket No. 50-255; NRC-2025-0346]

Palisades Energy, LLC, Palisades Nuclear Plant

Exemption

I. Background

PNP consists of a single pressurized-water reactor located in Covert Township, Michigan, along the shoreline of Lake Michigan. Originally licensed for operation on March 24, 1971, the NRC issued a renewed operating license for PNP on January 17, 2007, with the renewed operating license term expiring on March 24, 2031. By letter dated January 4, 2017 (ML17004A062), pursuant to title 10 of the *Code of Federal Regulations* (10 CFR), Section 50.82(a)(1)(i), "Termination of License," Entergy Nuclear Operations, Inc. (Entergy), the previous licensee for PNP, certified to the NRC that it decided to permanently cease power operations at the PNP by October 1, 2018. By letters dated September 28, 2017 (ML17271A233), and October 19, 2017 (ML17292A032), Entergy certified to the NRC that it planned to permanently cease power operations at PNP no later than May 31, 2022. By application dated December 23, 2020 (ML20358A075), as supplemented, Entergy on behalf of itself, Entergy Nuclear Palisades, LLC; Holtec International; and HDI submitted a license transfer application to transfer the PNP license from Entergy to Holtec. By letter dated December 13, 2021 (ML21292A145), the NRC issued an order consenting to the license transfer.

On May 20, 2022, PNP permanently ceased power operations. Pursuant to 10 CFR 50.82(a)(1)(ii), by letter dated June 13, 2022 (ML22164A067), Entergy certified to the NRC that all fuel had been permanently removed from the PNP reactor vessel and placed in the spent fuel pool (SFP) on June 10, 2022. These certifications were

docketed by the NRC. Upon docketing the 10 CFR 50.82(a)(1) certifications, 10 CFR 50.82(a)(2) no longer authorizes operation of the PNP reactor, or emplacement or retention of fuel into the PNP reactor vessel. Shortly after PNP transitioned to a permanently shut down and defueled facility in accordance with 10 CFR 50.82(a)(2), Holtec Palisades, LLC assumed ownership of PNP, and HDI became the licensed operator for decommissioning PNP (ML22173A173) and began the decommissioning process.

In early 2023, HDI engaged with the NRC staff regarding the potential restart of reactor operation at PNP. By letter dated March 13, 2023 (ML23072A404), HDI submitted its proposed regulatory path to resume power operations at PNP through a series of licensing and regulatory actions to restore the plant's licensing basis to the one in effect just prior to permanent shut down. Specifically, from September 2023 to May 2024, the NRC received the following licensing and regulatory requests related to the potential restart of Palisades:

- A September 28, 2023, request for an exemption “from the 10 CFR 50.82(a)(2) restriction that prohibits reactor power operations and retention of fuel in the reactor vessel ... by allowing for a one-time rescission of the docketed 10 CFR 50.82(a)(1) certifications.” (ML23271A140).
- A December 6, 2023, license transfer application, seeking NRC consent to, and a conforming amendment for, a transfer of operating authority from HDI to Palisades Energy, LLC under Renewed Facility Operating License No. DPR-20 for Palisades and the general license for the Palisades Independent Spent Fuel Storage Installation (ISFSI) (ML23340A161) (License Transfer Application).

- A December 14, 2023, license amendment request in support of resuming power operations that largely seeks to undo the changes made by the previously issued permanently defueled technical specifications amendment with some proposed differences from the previous operating reactor technical specifications (ML23348A148) (Power Operations TS Amendment).
- A February 9, 2024, license amendment request in support of resuming power operations that largely seeks to undo the changes made by the previously issued defueled administrative controls amendment with some proposed differences from the previous operating reactor technical specifications (ML24040A089) (Administrative Controls Amendment).
- A May 1, 2024, license amendment request to revise the Palisades site emergency plan to support resuming power operations (ML24122C666) (Emergency Plan Amendment).
- A May 24, 2024, license amendment request to revise the Palisades main steam line break analysis to “support the Palisades restart project.” (ML24145A145) (MSLB Amendment).

While this exemption is a necessary part of Holtec’s regulatory approach to support restoration of the PNP power operations licensing basis, the NRC’s approval of this exemption is not sufficient to authorize operation of the reactor, or emplacement or retention of fuel into the reactor vessel. NRC approval of all the licensing and regulatory requests listed above is necessary to restore the PNP power operations licensing basis and reauthorize power operations at PNP.

Accordingly, separate from this exemption, the NRC staff has reviewed and approved the License Transfer Application (ML25167A245), the Power Operations TS

Amendment (ML25157A127), the Administrative Controls TS Amendment (ML25157A107), the Emergency Plan Amendment (ML25150A281), and the MSLB Amendment (ML25156A045). The staff is issuing its approval of these actions concurrently with its approval of this exemption to reauthorize power operations at PNP.

II. Request/Action

By letter dated September 28, 2023 (ML23271A140), Holtec Decommissioning International LLC, on behalf of Holtec Palisades LLC¹ (collectively, Holtec), requested exemption from portions of 10 CFR 50.82(a)(2) to allow for a one-time rescission of the docketed 10 CFR 50.82(a)(1) certifications to remove the restriction that prohibits operation of the PNP reactor and emplacement and retention of fuel into the PNP reactor vessel. The regulation in 10 CFR 50.82(a)(2) states, *Upon docketing of the certifications for permanent cessation of operations and permanent removal of fuel from the reactor vessel, or when a final legally effective order to permanently cease operations has come into effect, the 10 CFR part 50 license no longer authorizes operation of the reactor or emplacement or retention of fuel into the reactor vessel.* Therefore, Holtec states that a one-time exemption to this requirement is needed for PNP to transition from a facility in decommissioning back to a power operations plant. Holtec also states that the exemption would allow resumption of power operations at PNP after NRC approval of the License Transfer Application and license amendment requests necessary to reinstate the PNP power operations licensing basis. By letter dated July 1, 2025 (ML25182A066), Holtec submitted a notification reporting the licensing and regulatory activities needed to support the resumption of power operations at PNP and its readiness to transition to the power operations licensing basis on August

¹ On July 24, 2025, the NRC issued an order approving and conforming amendment reflecting the transfer of operating authority from HDI to Palisades Energy, LLC (Package ML25167A245). Holtec Palisades, LLC, remains the licensed owner of PNP.

25, 2025. Holtec stated in the exemption request that four exemptions granted to PNP based on a facility in a decommissioning status are to be rescinded coincident with implementation of this exemption. Those exemptions are related to Certified Fuel Handlers Severe Weather Authority (ML17216A802), Record Keeping (ML21195A368, package), Use of Decommissioning Funds for Spent Fuel Management (ML21286A581, package), and the Permanently Defueled Emergency Plan (ML23263A977). In addition, by letter dated October 9, 2024 (ML24283A094), Holtec requested rescission of two additional exemptions related to Offsite Primary and Secondary Liability Insurance (ML23192A077) and Onsite Property Damage Insurance (ML23191A522) coincident with implementation of this exemption.

III. Discussion

Pursuant to 10 CFR 50.12, "Specific exemptions," the Commission may, upon application by any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR Part 50: (1) when the exemptions are authorized by law, will not present an undue risk to the public health and safety, and are consistent with the common defense and security; and (2) when any of the special circumstances listed in 10 CFR 50.12(a)(2) are present. These special circumstances include, among others:

(ii) Application of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule;

A. The Exemption is Authorized by Law

The requested exemption from 10 CFR 50.82(a)(2) would allow for a one-time rescission of the docketed 10 CFR 50.82(a)(1) certifications to remove the restriction that prohibits operation of the PNP reactor and emplacement and retention of fuel into

the PNP reactor vessel. As stated above, 10 CFR 50.12, allows the NRC to grant exemptions from the requirements of 10 CFR Part 50 when the exemptions are authorized by law. The NRC staff has determined that granting the proposed one-time exemption will not result in a violation of the Atomic Energy Act of 1954, as amended; other laws; or the Commission's regulations. Therefore, the exemption is authorized by law.

B. The Exemption Presents No Undue Risk to Public Health and Safety

The requested exemption, by itself, does not authorize plant operation or change the conditions of the plant in any manner. The one-time exemption from 10 CFR 50.82(a)(2) would allow Holtec the ability to rescind the 10 CFR 50.82(a)(1) certifications, such that the current restrictions that prohibit operation of the PNP reactor and emplacement and retention of fuel into the PNP reactor vessel would no longer be in place. These regulatory restrictions in 10 CFR 50.82(a)(2) in would no longer be in place once the certifications are rescinded; however, as discussed in Section I, the NRC has concurrently reviewed and approved the transfer of operating authority and the license amendment requests associated with restoring the power operations licensing basis (i.e., restored operating license conditions, technical specifications, etc.) to allow for and ensure the safe loading of fuel into the reactor and operation of the plant. Each of these actions were subject to individual review and approval by the NRC to ensure that there is reasonable assurance of public health and safety to support the resumption of power operations at PNP. Therefore, this exemption will not present an undue risk to public health and safety.

C. The Exemption is Consistent with the Common Defense and Security

The requested exemption would allow for a one-time rescission of the decommissioning certifications in 10 CFR 50.82(a)(1), and would not, by itself, alter the

design, function, or operation of any structures or plant equipment that is necessary to maintain the safe and secure status of the plant, and will not adversely affect Holtec's ability to physically secure the site or protect special nuclear material. As discussed in Section I, the NRC has reviewed and approved the transfer of operating authority and the license amendment requests associated with restoring the power operations licensing basis to allow for and ensure the safe loading of fuel into the reactor and operation of the plant. As part of this review, the NRC determined that PNP's safeguards and security programs, as found in the Physical Security Plan, will meet the regulatory requirements necessary to support the resumption of power operations at PNP (ML25157A127). Therefore, the proposed exemption is consistent with the common defense and security.

D. Special Circumstances

Special circumstances, in accordance with 10 CFR 50.12(a)(2)(ii), are present whenever, "[a]pplication of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule." The regulation at 10 CFR 50.82(a)(2) prohibits operation of the reactor and emplacement and retention of fuel in the reactor vessel upon docketing the decommissioning certifications described in 10 CFR 50.82(a)(1). The underlying purpose of this regulation is to provide the licensee with a key means of communicating to the NRC and the public the licensee's plans for decommissioning the reactor, as discussed in NRC-2015-0070, *Regulatory Improvements for Power Reactors Transitioning to Decommissioning, Regulatory Basis Document*, dated November 20, 2017 (ML17215A010).

Additionally, the certifications identify the point in time when a reactor formally enters the decommissioning process. Specifically, the docketing of the 10 CFR

50.82(a)(1) certifications serves as a discrete date to transition the inspection program for the plant from an operating to a decommissioning status, to restructure the NRC fees associated with operating a facility, and to allow the licensee to begin the process of implementing reductions to various site programs (i.e., emergency preparedness and physical security) based on the reduced risk profile of a reactor in decommissioning.

As stated above, the underlying purpose of the rule is for communication regarding a licensee's formal entrance into the decommissioning process and to provide a discrete point in time to mark the transition from operations to decommissioning. Application of the rule as written would not permit a licensee in decommissioning for which the § 50.82(a) certifications have been docketed, in this particular circumstance, Holtec, to seek to restart the reactor and exit the decommissioning process. Moreover, it would prohibit Holtec from exiting the decommissioning process regardless of the outcome of the NRC's review of Holtec's licensing requests seeking the restoration of the PNP's power operations licensing basis. As noted in Section I, the NRC staff has concurrently reviewed and approved the transfer of operating authority and the license amendment requests associated with restoring the power operations licensing basis to support the reauthorization of power operations at PNP. There is nothing in the rulemaking basis for 10 CFR 50.82(a)(2) to indicate that the prohibitions prescribed by the regulation were intended to be irreversible. Additionally, in denying a petition for rulemaking, the Commission stated that "the NRC may consider requests from licensees to resume operations under the existing regulatory framework" Criteria To Return Retired Nuclear Power Reactors to Operations, (86 FR 24362; May 6, 2021). Finally, even if PNP resumes power operations, the facility would still need to be decommissioned, following submission and docketing of the 10 CFR 50.82(a)(1) certifications after any subsequent period of operation. Therefore, the NRC staff

concludes that application of the regulation, in the particular circumstances of Holtec seeking to resume power operations at PNP, does not serve the underlying purpose of the rule. Accordingly, the special circumstances in 10 CFR 50.12(a)(2)(ii) exist and support approval of the requested exemption.

E. Environmental Considerations

In accordance with 10 CFR 51.30, 51.31, and 51.32, the Commission has determined that the granting of this exemption will not have a significant effect on the quality of the human environment as discussed in the NRC staff's Environmental Assessment and Finding of No Significant Impact issued on May 30, 2025 (90 FR 23071).

IV. Conclusions

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12, the exemption is authorized by law, will not present an undue risk to the public health and safety, and is consistent with the common defense and security. Also, special circumstances are present. Therefore, the Commission hereby grants Holtec a one-time exemption from 10 CFR 50.82(a)(2) to allow for a one-time rescission of the PNP docketed 10 CFR 50.82(a)(1) certifications to remove the restriction that prohibits operation of the PNP reactor and emplacement and retention of fuel into the PNP reactor vessel.

The Commission also considered Holtec's request that the NRC rescind the six exemptions discussed in Section II coincident with the implementation of this exemption. The Commission concludes that these six exemptions should be rescinded upon the effectiveness of this exemption because the six exemptions were granted based on PNP's status as a facility in decommissioning, and therefore the supporting bases for

these exemptions are no longer met. Accordingly, the Commission hereby grants Holtec's request to rescind the six exemptions discussed in Section II.

By letter dated July 1, 2025 (ML25182A066), Holtec submitted a notification reporting its readiness to implement the power operations licensing basis. In this letter Holtec stated that they planned to transition to the power operations licensing basis on August 25, 2025. Therefore, this exemption is effective on August 25, 2025.

Dated: July 24, 2025.

For the Nuclear Regulatory Commission.

Jamie Pelton, Acting Director,
Division of Operating Reactor Licensing,
Office of Nuclear Reactor Regulation.