U.S. NUCLEAR REGULATORY COMMISSION MANAGEMENT DIRECTIVE (MD)

MD 8.13	REACTOR OVERSIGHT PROCESS	DT-10-14
Volume 8:	Licensee Oversight Process	
Approved By:	R. William Borchardt Executive Director for Operations	
Date Approved:	October 3, 2010	
Expiration Date:	October 3, 2015	
Issuing Office:	Office of Nuclear Reactor Regulation Performance Assessment Branch	
Contact Name:	Audrey Klett 301-415-3951	

EXECUTIVE SUMMARY

Directive and Handbook 8.13 are being updated to reflect minor adjustments to the Reactor Oversight Process (ROP) since its initial implementation. The directive and handbook were revised in their entirety in 2002 to reflect the ROP that replaced the U.S. Nuclear Regulatory Commission's previous oversight process for power reactor licensees.

In addition to the revised changes, Management Directive 8.13 provides references to more frequently updated agency documents.

TABLE OF CONTENTS

I. POLICY

It is the policy of the U.S. Nuclear Regulatory Commission to provide oversight of nuclear power plant activities to verify that the plants are safely being operated in accordance with NRC rules and regulations. As stated in the Atomic Energy Act of 1954 and the Energy Reorganization Act of 1974, the mission of NRC is to ensure that commercial nuclear power plants are operated in a manner that provides adequate protection of public health and safety and the environment, and protection against radiological sabotage and the theft or diversion of special nuclear materials. On April 2, 2000, the NRC implemented the Reactor Oversight Process (ROP) at all operating commercial nuclear power plants. The ROP was developed to provide tools for inspecting and assessing licensee performance in a more risk informed, objective, predictable, and understandable way than the previous oversight process.

II. OBJECTIVES

- To obtain information about operations at reactor facilities, identify significant safety concerns and determine their generic applicability, and determine the causes of declining performance.
- To evaluate the risk significance of issues to ensure the appropriate licensee and regulatory responses.
- To assess licensee performance, provide a measured regulatory response, and communicate effectively the NRC's assessment of licensee performance to both internal and external stakeholders.
- To take enforcement actions that deter noncompliance and foster resolution of risk-significant issues.
- To verify that licensees effectively identify problems and resolve issues.
- To provide the appropriate regulatory response to operational events on the basis of their safety significance.
- To monitor licensees and encourage them to maintain a safety-conscious work environment.

III. ORGANIZATIONAL RESPONSIBILITIES AND DELEGATIONS OF AUTHORITY

A. Executive Director for Operations

Oversees the ROP.

B. Director, Office of Nuclear Reactor Regulation

1. Provides overall direction to the programs within the ROP.
2. Assesses the effectiveness, consistency, and completeness of the programs within this process.

C. Regional Administrators

1. Manage the implementation of the ROP elements performed by the regions.
2. Allocate regional inspection resources in support of the ROP.

D. Director, Office of Enforcement

1. Provides program direction for implementation of the NRC's Enforcement Policy.
2. Ensures appropriate enforcement action is taken for issues identified by the ROP.

E. Director, Office of Nuclear Security and Incident Response

Provides program direction for implementation of security and emergency preparedness-related ROP issues.

F. Director, Office of Public Affairs

1. Provides liaison with external stakeholders.
2. Issues press releases, as appropriate.

IV. APPLICABILITY

The policy and guidance in this directive and handbook apply to all NRC employees.

V. DIRECTIVE HANDBOOK

Directive Handbook 8.13 addresses the major components of the ROP.

VI. REFERENCES

Nuclear Regulatory Commission Documents

NRC Enforcement Policy.

NRC Inspection Manual Chapters—

0305, "Operating Reactor Assessment Program."

0308, "Reactor Oversight Process (ROP) Basis Document."

0309, "Reactive Inspection Decision Basis for Reactors."

0320, "Operating Reactor Security Oversight Process."

0350, "Oversight of Reactor Facilities in a Shutdown Condition Due to Significant Performance and/or Operational Concerns."

0608, "Performance Indicator Program."

0609, "Significance Determination Process."

0612, "Power Reactor Inspection Reports."

2515, “Light-Water Reactor Inspection Program - Operations Phase.”

NRC Management Directives—

8.3, “NRC Incident Investigation Program.”

8.8, “Management of Allegations.”

8.9, “Accident Investigation.”

8.14, “Agency Action Review Meeting.”

NRC Regulatory Issue Summary 2001-25, “NEI 99-02, Revision 2, Voluntary Submission of Performance Indicator Data.”

NUREG/BR-0195, “NRC Enforcement Manual.”

NUREG-1350, “NRC Information Digest.”

NUREG-1614, “U.S. Nuclear Regulatory Commission Strategic Plan.”

United States Code

“Atomic Energy Act of 1954,” as amended (42 U.S.C. § 2011 et seq.).

“Energy Reorganization Act of 1974” (42 U.S.C. 5801).

U.S. NUCLEAR REGULATORY COMMISSION DIRECTIVE HANDBOOK (DH)

DH 8.13	REACTOR OVERSIGHT PROCESS	DT-10-14
Volume 8:	Licensee Oversight Process	
Approved By:	R. William Borchardt Executive Director for Operations	
Date Approved:	October 3, 2010	
Expiration Date:	October 3, 2015	
Issuing Office:	Office of Nuclear Reactor Regulation Performance Assessment Branch	
Contact Name:	Audrey Klett 301-415-3951	

EXECUTIVE SUMMARY

Directive and Handbook 8.13 are being updated to reflect minor adjustments to the Reactor Oversight Process (ROP) since its initial implementation. The directive and handbook were revised in their entirety in 2002 to reflect the ROP that replaced the U.S. Nuclear Regulatory Commission's previous oversight process for power reactor licensees.

In addition to the revised changes, Management Directive 8.13 provides references to more frequently updated agency documents.

TABLE OF CONTENTS

EXHIBITS

I. REGULATORY FRAMEWORK

A. Regulatory Framework

1. The regulatory framework for the Reactor Oversight Process (ROP) (as shown in Exhibit 1 of this handbook) is a risk-informed, performance-based, tiered approach to assessing plant safety. There are three key strategic performance areas: reactor safety, radiation safety, and safeguards. Within each strategic performance area there are cornerstones that reflect the essential safety aspects of facility operation. Compliance with U.S. Nuclear Regulatory Commission requirements and satisfactory licensee performance in the cornerstones provide reasonable assurance of safe facility operation.

2. The ROP provides a means of collecting information about licensee performance, assessing the information for its safety significance, taking appropriate regulatory action, and verifying that licensees take appropriate corrective actions. NRC inspects licensee programs and processes on a risk-informed sampling basis to obtain representative information.

B. Cornerstones of Safe Operation

The seven cornerstones serve as the fundamental building blocks of the ROP. For the first of the three strategic performance areas, Reactor Safety, to have fuel damage and radiation release, an initiating event would have to occur, followed by failures in one or more mitigating systems, and ultimately failure of multiple barriers. At that stage, the emergency plan would be implemented as the last defense-in-depth for public protection. Acceptable licensee performance in these cornerstones indicates that the NRC overall mission is met. Further detail is given in Inspection Manual Chapter (IMC) 0308, “Reactor Oversight Process (ROP) Basis Document.”

1. Initiating Events

   The NRC’s objective is to limit the frequency of those events that upset plant stability and challenge critical safety functions during shutdown as well as power operations. If an event is not properly mitigated and multiple barriers are breached, a reactor accident could compromise public health and safety. Licensees can reduce the

likelihood of a reactor accident by maintaining a low frequency of initiating events, which include reactor trips due to turbine trips, loss of feedwater, loss of offsite power, and other significant reactor transients.

2. Mitigating Systems

   The NRC's objective is to verify the availability, reliability, and capability of systems that are designed to mitigate the effects of initiating events to prevent reactor core damage. Licensees can reduce the likelihood of reactor core damage by enhancing the availability and reliability of mitigating systems. Mitigating systems include the primary systems associated with heat removal (safety injection and residual heat removal) and their support systems (e.g., emergency AC (alternating current) power). This cornerstone includes mitigating systems that respond to events during both operation at power and when the reactor is shut down.

3. Barrier Integrity

   The NRC's objective is to verify that physical barriers protect the public from radionuclide releases caused by reactor core damage. Licensees can reduce the effects of reactor core damage or events if they do occur by maintaining the integrity of the barriers. The barriers are the fuel cladding, the reactor coolant system boundary, and the containment.

4. Emergency Preparedness

   The NRC's objective is to verify that emergency plan actions provide adequate protection of public health and safety during a radiological emergency. Licensees ensure that the emergency plan will be implemented correctly by training and conducting drills. This cornerstone does not include offsite actions that are under the cognizance of and evaluated by the Federal Emergency Management Agency (FEMA).

5. Public Radiation Safety

   The NRC's objective is to ensure adequate protection of public health and safety from exposure to radioactive material released into the public domain as a result of routine civilian nuclear reactor operations. These releases include routine discharges of low-level gaseous and liquid radioactive effluents, the inadvertent release of solid contaminated materials, and the offsite transport of radioactive materials and wastes. Licensees can maintain public protection by meeting the applicable regulatory limits and minimizing radioactive releases.

6. Occupational Radiation Safety

   The NRC's objective is to ensure adequate protection of worker health and safety from exposure to radiation from radioactive material during routine civilian nuclear reactor operation. This exposure could come from radiation areas or radioactive material that exposes workers to radiation. Licensees can maintain worker protection by meeting applicable regulatory limits and as low as reasonably achievable (ALARA) guidelines.

7. Security

   The NRC's objective is to provide assurance that the physical protection system can protect against the design basis threat of radiological sabotage. The threat could come from either external or internal sources. Licensees can maintain adequate protection against threats of sabotage by adhering to Commission security requirements.

C. Cross-Cutting Areas

Certain aspects of licensee performance are common to all the cornerstones and contribute to maintaining safe facility operation. These aspects are commonly referred to as cross-cutting areas and include human performance, the establishment of a safety-conscious work environment, and problem identification and resolution (PI&R). Licensee deficiencies in these cross-cutting areas generally manifest themselves as the root causes of performance issues in the cornerstones. The NRC reviews licensee PI&R programs as part of baseline inspections and during a biennial team inspection. The establishment of a safety-conscious work environment is monitored throughout the year by the NRC resident staff through review of allegations and as part of the PI&R biennial team inspection. While there is no specific NRC inspection for human performance, it is reviewed as part of a number of baseline inspections and is implicit in the data reported for many of the performance indicators (PIs).

II. PROGRAMS AND PROCESSES

A. General Description

1. Within the regulatory framework, NRC utilizes its operating ROP to collect information about licensee performance, assess the information for its safety significance, provide for appropriate licensee and NRC response, and communicate the results of its assessment to licensee management, members of the public, and other government agencies. The oversight process was founded on key principles that also establish the basis and relationship among the elements of the process.

2. A diagram of the ROP is shown in Exhibit 2 of this handbook. For each cornerstone, NRC develops findings from inspections and evaluates PI data collected by licensees. Inspection findings are evaluated for safety significance using a significance determination process (SDP), and PI data are compared with prescribed risk-informed thresholds. The resulting information is then assessed and the appropriate NRC response is typically determined using the Action Matrix (see Exhibit 3 of this handbook). This response includes supplemental inspections and a range of other actions, depending on the significance of the issues. Except for violations of very low safety significance, enforcement action is taken for findings that indicate violations of regulatory requirements. The specific enforcement action taken is based on the significance of the inspection finding. NRC communicates the results of its performance assessment and its inspection plans and other planned actions in publicly available correspondence, on its Web site, and through public meetings with each licensee.

B. Principles

The following principles form the basis of the ROP:

1. Licensees routinely address performance issues of very low safety significance that may arise as a normal part of operating a facility without requiring additional NRC involvement.
2. Risk-informed thresholds for licensee safety performance establish whether only routine NRC interaction is warranted or increased NRC interaction (including enforcement) is warranted.
3. A risk-informed baseline inspection program establishes the routine level of NRC interaction with all licensees, provides a sufficient indication of licensee performance, and indicates when additional inspection activity is warranted.
4. Licensee performance in each cornerstone is assessed using objective PIs and a baseline inspection program. Adequate assurance of performance requires consideration of both PI data and inspection results.
5. The baseline inspection program examines those risk-significant attributes of licensee performance that are not adequately covered by PIs. The baseline inspection program also verifies the accuracy of the PIs and provides for initial event followup.
6. Licensee performance issues that cross either PI thresholds or inspection thresholds receive the same level of NRC response.
7. The significance of inspection findings is assessed using the SDP.
8. Enforcement actions for inspection findings are commensurate with their safety significance, as determined using the SDP.
9. The enforcement actions taken (e.g., the number of cited or non-cited violations, the amount of a proposed civil penalty) are not inputs to the Action Matrix; however, the significance of the underlying issues that led to the enforcement actions is considered in the assessment of licensee performance.
10. Licensee deficiencies in cross-cutting areas may manifest themselves as performance issues in the cornerstones. Licensee performance in cross-cutting areas is revealed through the existence of safety-significant inspection findings.
11. The enforcement actions taken for risk-significant inspection findings involving violations of regulatory requirements require licensees to take appropriate corrective actions and restore compliance.
12. Agency response to performance issues and degrading or unacceptable licensee performance is established in the Action Matrix.

C. Performance Indicators

1. PIs provide an objective indication of key attributes of licensee performance in each of the cornerstones. However, these indicators cannot cover every aspect of plant design, operation, and maintenance. Instead, inspections are used to review those

aspects that are not covered by the PIs. NRC inspects facilities to verify the accuracy of the PI information and to assess performance that is not measured by PIs. Together with these inspections, the PIs provide a broad sample of data in risk-significant aspects of each cornerstone that is used as an input to the assessment process.

2. The PIs have objective thresholds that were designed to identify outliers from nominal industry performance so that deficiencies can be identified and corrected before they pose an undue risk to public health and safety. The mitigating systems performance index (MSPI) was developed using risk-based thresholds that provide a more accurate indication of risk corresponding to the reported health of the monitored system. Most PIs have thresholds that cannot be assessed using probabilistic risk assessment (PRA) methods and are tied to regulatory requirements (e.g., facility technical specifications) or are based on the expert judgment of NRC internal and external stakeholders. In contrast, the MSPI was developed using risk-based thresholds that provide a more accurate indication of risk corresponding to the reported health of the monitored system.

3. NRC will continue to assess the PIs and their thresholds to ensure they provide appropriate insights on licensee performance. NRC IMC 0608, “Performance Indicator Program,” provides detailed guidance on the PIs program.

4. Licensees voluntarily submit performance indicators on a quarterly basis to the NRC using the Nuclear Energy Institute (NEI) reporting guide NEI 99-02, “Regulatory Assessment Performance Indicator Guidelines,” which the NRC initially endorsed in Regulatory Issue Summary 2000-08, “Voluntary Submission of Performance Indicator Data.” Subsequent revisions of NEI 99-02 have typically been endorsed via ROP monthly public meeting summaries. However, if licensees fail to submit the PIs, NRC will perform additional inspections as necessary to collect the information normally provided by the PIs.

D. Inspection Programs

1. The NRC’s inspection program collects information about licensee performance through direct observation by NRC inspectors. The inspectors perform this fundamental function and determine whether or not licensees are operating their plants safely and in accordance with their regulatory requirements. NRC has resident inspectors assigned to each plant site who conduct inspections, and it also uses inspectors from NRC regional offices and headquarters as appropriate to complete the inspection program.

2. The inspection program is designed to sample a cross-section of licensee activities important to plant safety, reliability, and risk, as well as other licensee activities that may warrant additional attention. Performance issues are evaluated for their risk significance within the appropriate cornerstone using the SDP that incorporates both generic and plant-specific risk information. Those issues determined to be significant are flagged as input to the assessment process and for followup actions by both licensees and NRC. IMC 2515, “Light-Water Reactor Inspection Program -Operations Phase,” discusses the inspection program in greater detail, and IMC 0609, “Significance Determination Process,” provides detailed guidance on the SDP.

3. Inspections are documented in inspection reports, per the guidance in IMC 0612, "Power Reactor Inspection Reports."

4. The inspection program is intended to provide regional administrators flexibility in the planning and application of inspection resources to deal with risk-significant issues and problems. Inspections are planned on a 12-month cycle and are updated semi-annually to reflect changes in performance that may require an adjustment in inspection resource allocation.

5. The inspection program is composed of the following four major elements.

   (a) Baseline Inspections

      (i) The baseline inspection program was developed using a risk-informed approach to develop a comprehensive list of inspectable areas within each cornerstone of safety. These areas were selected based on their risk significance. The scope of the inspection within each inspectable area was determined using the same risk-informed approach.

      (ii) The scope of the baseline program is defined by inspectable areas that are linked to the cornerstones of safety. The baseline program includes inspections for those areas in which no PIs have been identified and in which PIs do not fully cover the inspectable area. It also includes periodic verification of the accuracy of performance indicator data that have been reported by the licensee. The baseline inspection program assesses licensee performance in cross-cutting areas through PIs and inspection findings.

      (iii) The baseline inspection program is risk-informed by (1) selection of the inspectable areas based on their risk importance in measuring cornerstones; (2) determination of the inspection frequency and sample size for each inspectable area based on risk information; and (3) selection of sample activities and equipment to inspect in each inspectable area based on risk insights that incorporate plant-specific information.

   (b) Plant-Specific Supplemental Inspections

      Supplemental inspections may be conducted at a facility when risk-significant issues are identified either by the SDP as significant inspection findings or when PI thresholds are exceeded. In general, supplemental inspections are performed for white, yellow, or red performance issues (either PI or inspection findings). Supplemental inspections are more diagnostic than baseline inspections and are designed to address problems and issues that are beyond the scope of normal baseline inspections. The scope of the supplemental inspections consists of a range of activities that may include oversight of licensee root cause evaluations, expansion of the baseline inspection sample, a focused team inspection (as necessary to evaluate the extent of the condition), or a broad-scope, multidisciplined team inspection for substantive safety performance issues to examine multiple cornerstone areas and inspect cross-cutting areas.

(c) Generic Safety Issues and Infrequent Inspections

Concerns with generic safety issues that arise may be addressed through the Office of Nuclear Reactor Regulation's (NRR's) license review process and the use of regulatory communications issued to licensees. If the concern is of safety significance, it may be appropriate to perform a one time inspection under the safety issues program element. This element of the program also includes inspections conducted to fulfill NRC obligations under interagency memoranda of understanding.

(d) Event Followup

The baseline inspection program includes followup by resident or region-based inspectors of routine events and emphasizes collection of event information for use by risk analysts in evaluation of risk significance. The event response element of the inspection program provides for additional inspection followup of certain events or problems using a graded approach based on risk significance and deterministic criteria. IMC 2515 and Management Directive (MD) 8.3, "NRC Incident Investigation Program," describe the response. In addition, for an event of extraordinary safety significance or profound regulatory implications, an accident review group may be formed that reports directly to the Commission, as described in MD 8.9, "Accident Investigation." MD 8.3 and MD 8.9 describe the personnel used for these inspections.

E. Significance of Performance Indicators and Findings

1. PIs provide an indication of the level of licensee performance within a cornerstone by monitoring selected attributes of ongoing performance. The safety significance of that performance is established by the use of thresholds. Inspection findings are individually assessed using the SDP, which also establishes the safety significance of those specific sets of conditions.
2. The safety significance of PIs and inspection findings is expressed using a common color scheme. This color scheme facilitates a consistent agency response and enhances stakeholder understanding of the oversight process.
3. The colors are used as inputs into the Action Matrix, which determines the appropriate level of NRC engagement with licensees for their indicated performance.

   (a) Green - very low safety significance (for findings); nominal/expected performance (for PIs)

   (b) White - low to moderate safety significance

   (c) Yellow - substantial safety significance

   (d) Red - high safety significance

F. Allegations

A significant cross-cutting area is licensee maintenance of a safety-conscious work environment, and NRC review of allegations is an important part of monitoring that environment. NRC's allegations program is described in MD 8.8, "Management of Allegations." Inspections may be performed to follow up on allegations to ensure that the issues are well understood and that appropriate licensee and NRC actions have been taken to address them. If appropriate, the results of these followup inspections provide information to the assessment process, along with PIs and other inspection findings, and are considered for enforcement action when warranted.

G. Performance Assessment

The performance assessment program integrates information sources relevant to licensee safety performance, principally from PIs and the inspection program, to enable NRC to reach objective conclusions regarding licensees' safety performance utilizing the Action Matrix described in Section II.H. of this handbook. The program evaluates the overall safety performance of operating commercial nuclear reactors and communicates those results to licensee management, members of the public, and other government agencies. On the basis of this assessment, NRC takes an appropriate agency action and publicly communicates the results of its assessment and response. Detailed guidance for the performance assessment program, including details on how licensee performance is assessed, is located in IMC 0305, "Operating Reactor Assessment Program."

H. Agency Response

1. NRC is guided in its responses to licensee performance by the Action Matrix. The current version of the Action Matrix can be found in IMC 0305. The Action Matrix is intended to provide consistent, predictable, understandable agency responses to licensee performance so that stakeholder confidence in NRC's oversight process is enhanced. The actions in the Action Matrix are graded such that the NRC becomes more engaged as licensee performance declines, as reflected in the columns describing licensee performance. Those licensees whose performance is in the "licensee response column" receive only the baseline inspection effort. At this performance level, the PIs are within a nominal range, identified deficiencies are of very low safety significance, and deficiencies are consistently addressed as part of the licensee's corrective action program.

2. Licensees move out of the licensee response column on the basis of the number of PIs and inspection findings that exceed the thresholds in each of the cornerstones. For example, a single PI or inspection finding crossing its threshold from green to white would require the NRC to take the actions listed in the "regulatory response column" of the Action Matrix, which includes additional inspection to assess the licensee's efforts to determine the cause of the assessment input degradation. More significant degradation in performance would cause a licensee to be placed in the other columns, which require increasingly more significant actions.

3. NRC conducts an annual Agency Action Review Meeting (AARM) to review NRC actions in response to licensee performance at plants that warrant agency-level oversight. Plants in this category are those that are in the "multiple/repetitive

degraded cornerstone column" or the "unacceptable performance column" of the Action Matrix. In addition, at the AARM the NRC reviews the effectiveness of the ROP, any statistically significant adverse industry trends in safety performance, and the NRC's response to plants that are subject to IMC 0350, "Oversight of Reactor Facilities in a Shutdown Condition Due to Significant Performance and/or Operational Concerns." The AARM is chaired by the EDO and is held shortly after the end-of-cycle reviews. MD 8.14, "Agency Action Review Meeting (AARM)," describes the AARM in detail.

I. Communications With Stakeholders

1. NRC communicates the results of its oversight process to licensees to ensure that they take appropriate actions to address performance issues. NRC also communicates the results to both NRC internal and external stakeholders to keep them informed of licensee performance and to enhance confidence that the NRC's mission is being accomplished.

2. Communication with licensees is accomplished primarily by sending letters to each licensee that contain a summary of NRC's assessment of performance, along with NRC's plans for inspecting the facility. NRC regional offices send these letters after both the mid-cycle and the end-of-cycle reviews. Assessment follow-up letters may be sent if the NRC determines that licensee performance warrants a change in regulatory oversight since the last assessment letter.

3. The regional offices reach out to stakeholders through public meetings or events annually. Press releases may be issued to announce these public meetings/events, as appropriate. These meetings or events are normally held soon after sending the annual performance assessment letter. They are conducted on or in the vicinity of the site, if feasible, to provide greater accessibility to the local public and to foster a more widespread understanding of the NRC's assessment results. Licensees, members of the public, the media, and other stakeholders are given the opportunity to provide comments.

4. To communicate more readily with all stakeholders, the NRC's Office of Public Affairs issues press releases regarding significant items of interest. In addition, the NRC staff publishes a variety of plant-level information on the NRC's Web site, including inspection reports, assessment letters, PIs, and inspection findings. The NRC staff also publishes industry-level information on the Web site and in various NUREGs, including NUREG-1350, "Information Digest."

5. The NRC staff reports to the Commission annually on the status of the ROP, including a list of any plants with significant performance issues, an assessment of the efficacy of the oversight process, and a summary of industry-level performance trends. The NRC staff normally briefs the Commission on the ROP shortly after the AARM. In addition, the results of performance measures related to the ROP are reported to Congress annually as part of the NRC's Performance and Accountability Report.

J. Enforcement Program

1. The purpose of the NRC enforcement program is to support the NRC's overall safety mission of protecting the public and the environment. Consistent with that purpose, enforcement actions are used as a deterrent to emphasize the importance of compliance with requirements and to encourage prompt identification and prompt, comprehensive correction of violations of NRC requirements. The NRC's Enforcement Policy is outlined below as it applies to the reactor oversight process.

2. Violations associated with inspection findings are processed either by evaluating through the SDP or by traditional enforcement. Whenever possible, the SDP is used to evaluate the safety significance of inspection findings. The NRC response to assess the extent of the condition and the adequacy of the corrective actions taken is in accordance with the Action Matrix. Violations associated with findings evaluated as having very low safety significance (i.e., green) and that are addressed in the licensee's corrective action program are not normally cited. Violations associated with findings evaluated as having a greater significance (i.e., greater than green) are normally cited in a Notice of Violation (NOV). These violations are not normally subject to civil penalties.

3. Violations that result in actual consequences, impede the regulatory process, or involve wilful acts are processed under the traditional enforcement process since the regulatory importance of these issues is not limited to the underlying technical significance of the findings. These violations are assigned a severity level, and licensees are subject to civil penalties in accordance with the criteria described in the NRC Enforcement Policy. Violations processed under the traditional enforcement program may not receive direct consideration under the Action Matrix.

4. When a violation satisfies the traditional enforcement criteria and there is an underlying finding, staff will use both traditional enforcement process and the ROP. Specifically, the violation would be given a severity level and would be considered for a civil penalty. In addition, the finding would be processed under the SDP and the result would be entered into the Action Matrix, as appropriate.

K. Shutdown Plants

Plants with significant performance issues may shut down either voluntarily or in response to an NRC order. If a plant has multiple and/or repetitive degraded cornerstones or exhibits unacceptable performance, NRC may decide to inspect and assess the facility using the guidance in NRC IMC 0350. Oversight of the plant is then transferred from the normal oversight program to the process described in IMC 0350. This process is used until the performance problems are appropriately addressed, the plant is restarted, and oversight is returned to the normal oversight program.

L. Feedback/Self-assessment

Feedback from both the internal and external stakeholders is considered for possible changes to the ROP. This feedback is received from a variety of inputs, including surveys, public meetings with stakeholders, feedback forms, and reviews of operating events. In addition, NRR and the regions routinely conduct self-assessments of various aspects of the ROP. Finally, industry-level indicators of plant operations are monitored to provide feedback on licensee safety performance and the efficacy of the ROP.

EXHIBITS

Exhibit 1 Regulatory Framework for Operating Reactors

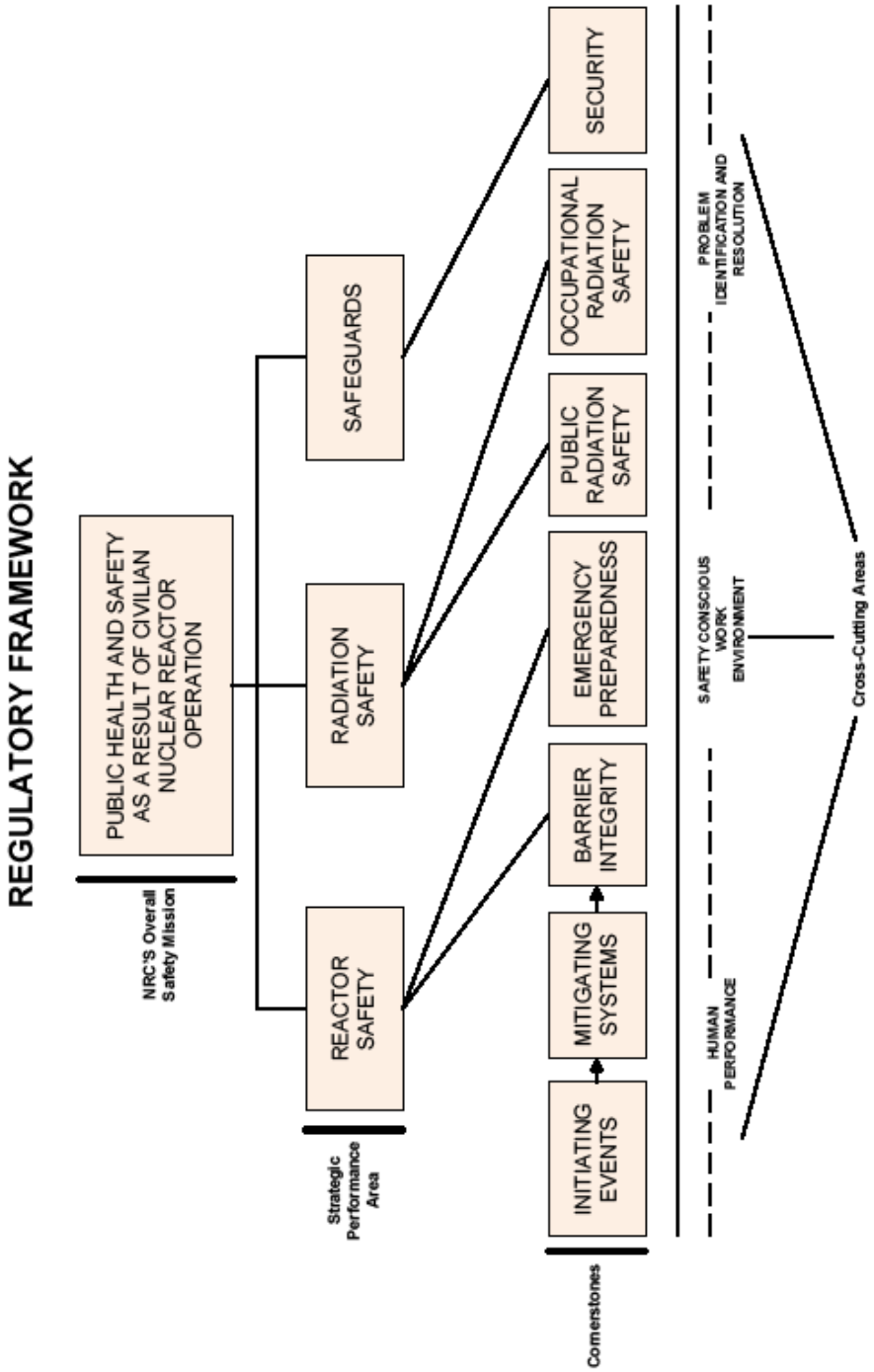

Exhibit 2 Reactor Oversight Process

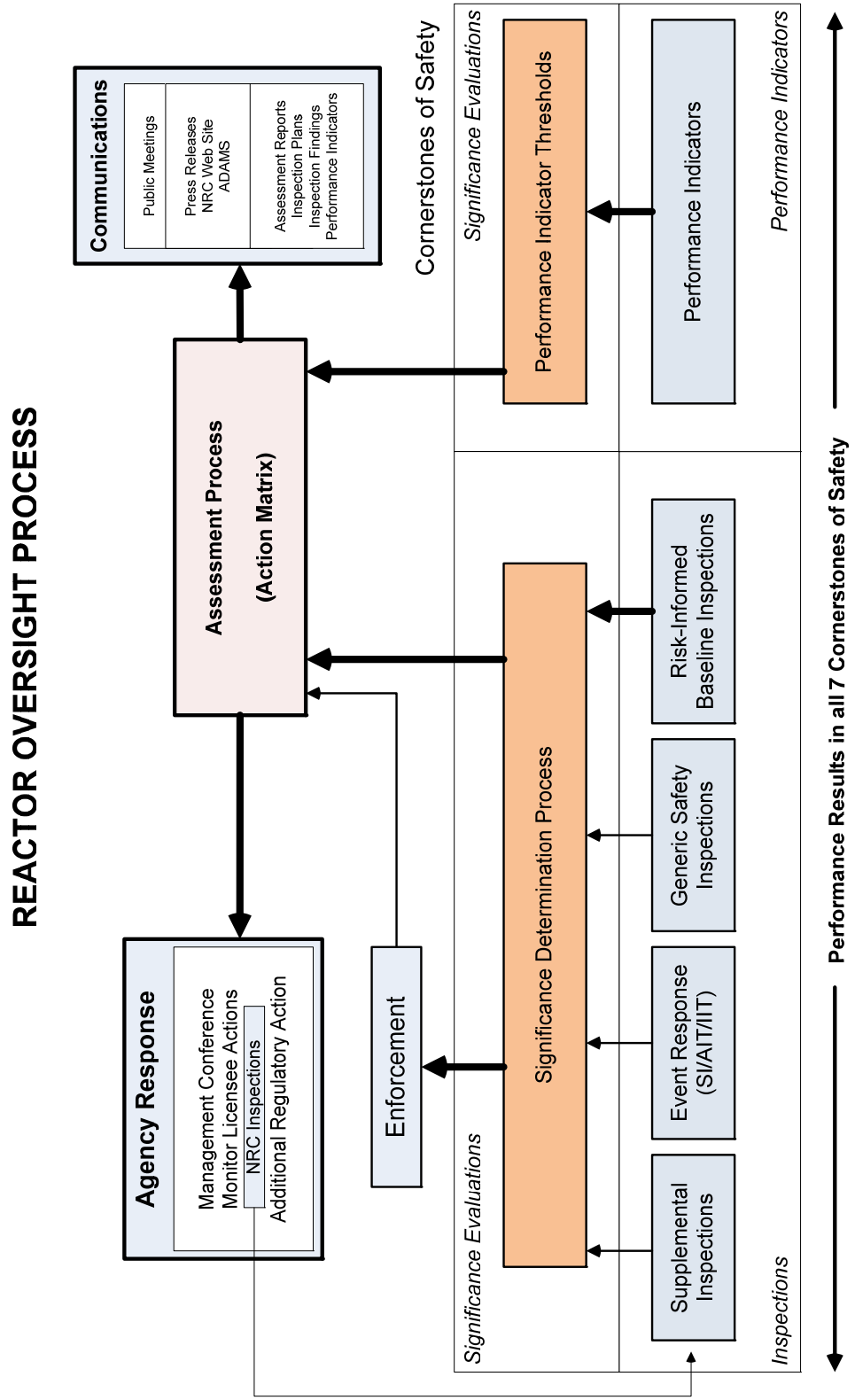

Exhibit 3 Action Matrix

		Licensee Response Column	Regulatory Response Column	Degraded Cornerstone Column	Multiple/Repetitive Degraded Cornerstone Column	Unacceptable Performance Column	IMC 0350 Process[1]
RESULTS		All Assessment Inputs (Performance Indicators (PIs) and Inspection Findings) Green; Cornerstone Objectives Fully Met	One or Two White Inputs (in different cornerstones) in a Strategic Performance Area; Cornerstone Objectives Fully Met	One Degraded Cornerstone (2 White Inputs or 1 Yellow Input) or any 3 White Inputs in a Strategic Performance Area; Cornerstone Objectives Met with Moderate Degradation in Safety Performance	Repetitive Degraded Cornerstone, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or 1 Red Input; Cornerstone Objectives Met with Longstanding Issues or Significant Degradation in Safety Performance	Overall Unacceptable Performance; Plants Not Permitted to Operate Within this Band, Unacceptable Margin to Safety	Plants in a shutdown condition with performance problems placed under the IMC 0350 process
RESPONSE	Regulatory Performance Meeting	None	Branch Chief (BC) or Division Director (DD) Meet with Licensee	Regional Administrator (RA) (or Designee) Meet with Senior Licensee Management.	EDO/DEDO (or Designee) meet with Senior Licensee Management	EDO/DEDO (or Designee) Meet with Senior Licensee Management	RA/EDO (or Designee) Meet with Senior Licensee Management
	Licensee Action	Licensee Corrective Action	Licensee Root cause Evaluation and corrective action with NRC Oversight	Licensee cumulative root cause evaluation with NRC Oversight	Licensee Performance Improvement Plan with NRC Oversight		Licensee Performance Improvement Plan / Restart Plan with NRC Oversight
	NRC Inspection	Risk-Informed Baseline Inspection Program	Baseline and supplemental inspection procedure 95001	Baseline and supplemental inspection procedure 95002	Baseline and supplemental inspection procedure 95003		Baseline and Supplemental as Practicable, Plus Special Inspections per Restart Checklist.
	Regulatory Actions[2]	None	Supplemental inspection only	Supplemental inspection only Plant Discussed at AARM if Conditions Met	-10 CFR 2.204 DFI -10 CFR 50.54(f) Letter - CAL/Order Plant Discussed at AARM	Order to Modify, Suspend, or Revoke License Plant Discussed at AARM	CAL/Order Requiring NRC Approval for Restart. Plant Discussed at AARM
COMMUNICATION	Assessment Letters	BC or DD review/sign assessment report (w/ inspection plan)	DD review/sign assessment report (w/ inspection plan)	RA review/sign assessment report (w/ inspection plan)	RA review/sign assessment report (w/ inspection plan)		N/A. RA (or 0350 Panel Chairman) Review/ Sign 0350-Related Correspondence
	Annual Involvement of Public Stakeholders	Various public stakeholder options (see section 09) involving the SRI or BC	Various public stakeholder options (see section 09) involving the BC or DD	RA (or Designee) Discuss Performance with Senior Licensee Management	EDO/DEDO (or Designee) Discuss Performance with Senior Licensee Management		N/A. 0350 Panel Chairman Conduct Public Status Meetings Periodically
	Commission Involvement	None	None	Possible Commission Meeting if Licensee Remains for 3 yrs	Commission Meeting with Senior Licensee Management Within 6 mo.	Commission Meeting with Senior Licensee Management	Commission Meetings as Requested, Restart Approval in Some Cases.
	INCREASING SAFETY SIGNIFICANCE ---------->						

1 The IMC 0350 Process column is included for illustrative purposes only and is not necessarily representative of the worst level of licensee performance. Plants under the IMC 0350 oversight process are considered outside the auspices of the ROP Action Matrix. See IMC 0350, "Oversight of Reactor Facilities in a Shutdown Condition due to Significant Performance and/or Operational Concerns," for more detail.

2 Other than the CAL, the regulatory actions for plants in the Multiple/Repetitive Degraded Cornerstone column and IMC 0350 column are not mandatory agency actions. However, the regional office should consider each of these regulatory actions when significant new information regarding licensee performance becomes available.