

The Secretary of Energy

Washington, DC 20585

December 17, 1992

The Honorable J. Bennett Johnston
Chairman
Committee on Energy and Natural Resources
United States Senate
Washington, D.C. 20510-6150

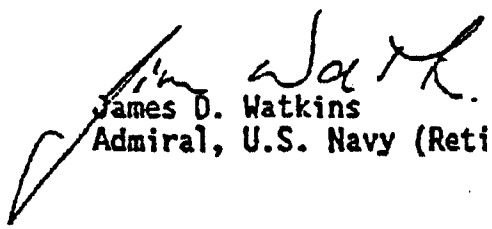
Dear Mr. Chairman:

Thank you for your letter of December 10, 1992, requesting information on the Department's plans to assure that receipt of spent nuclear fuel (SNF) from reactors can begin in 1998. You also requested information on progress toward disposal, which I will address in a separate letter.

Enclosed for your information is a summary of my new strategy to provide SNF interim storage in 1998. It will broaden and complement existing siting efforts and use a more effective SNF management system. We will complete planning and begin implementation of the described actions by December 31, 1992. In implementing the strategy we will establish productive working relationships with affected and interested constituencies.

I believe this new strategy for the Department and the Congress will produce the results needed to begin SNF receipt in 1998 and will maintain the Nation's options for sustained use of nuclear power as established in the Energy Policy Act of 1992. I urge your continued leadership for congressional action to achieve our mutual goals.

Sincerely,


James D. Watkins
Admiral, U.S. Navy (Retired)

Enclosure

cc:
The Honorable Malcolm Wallop
Ranking Minority Member

A NEW STRATEGY FOR MANAGEMENT OF COMMERCIAL SPENT NUCLEAR FUEL

Background

The National Energy Strategy and the Energy Policy Act of 1992 envision continued use of nuclear power, along with other supply sources, to meet the country's needs for more electricity to support a growing economy and to replace aging existing capacity, and to remain within existing and emerging environmental laws such as the Clean Air Act. Progress on, and a timely solution to, the management and disposal of spent commercial nuclear fuel is essential to avoid premature and unwarranted shutdowns of operating nuclear plants, to permit renewals of existing plant licenses to provide life extensions from 40 to 60 years, and to enable new orders of advanced-design nuclear plants.

The Department of Energy has been working to a plan that would enable start of spent fuel removal from nuclear plant sites and receipt at a Monitored Retrievable Storage (MRS) facility by January 1998, and start of spent fuel disposal at a repository by 2010. In May 1992, in a letter to Northern States Power, the Department stated that it would assess progress in implementing that plan and report the results of its assessment to the Congress in January 1993. The Department further stated that should it become clear that its planned actions and progress towards interim milestones would not ensure that it could accept spent nuclear fuel by 1998, it would take whatever actions were necessary and in accordance with the law to meet its obligations under the Nuclear Waste Policy Act (NWPA). Further, it would seek additional legislative authority if appropriate.

The results of that assessment and the new actions planned are described below.

MRS Facility and Siting

The Office of the Nuclear Waste Negotiator, established under the NWPA as amended in 1987, has spent more than two years seeking a voluntary host and site for an MRS facility. That office has not been able to identify a viable candidate site that can be recommended to Congress by June 1993 and that will permit spent fuel receipt by January 1998 as planned. Thus, alternative actions are required.

The Department has examined potential alternative actions and has concluded the following:

- (1) It now appears that a multiple purpose and standardized container system for spent fuel receipt, storage, transport, and disposal can be developed to reduce costs, minimize required handling of spent fuel assemblies, and provide more efficient storage at both an interim storage site and nuclear plant sites. Such a system would simplify the design of a storage facility, but would require expeditious development and certification to be effective.

- (2) to meet the needs and expectations of the nuclear industry, the Department should plan for use of Federal Government sites for interim storage.

Accordingly, storage capacity for spent nuclear fuel at any Federal Government site or sites should be made available for use by January 1998. The Department has prepared a generic schedule showing the actions necessary to utilize a Government site or sites by that time.

The Department should be authorized and required by the Congress to select candidate Federal sites by December 31, 1993. A detailed, specific schedule for site selection and readiness to receive spent fuel by January 1998 should also be required to be submitted to the Congress by December 31, 1993.

Standardized Container System

The Department will immediately refocus spent fuel container design activities on development of a standardized system with capability for receipt, dry storage, transport, and disposal of spent fuel. Such a standardized system has been endorsed by a recent resolution of the Edison Electric Institute UWASTE Committee.

As of December 15, 1992, an expedited schedule for developing, manufacturing, testing and certifying such a container system and its elements was completed by the Department. The certification schedule was reviewed informally with the Nuclear Regulatory Commission on December 17, 1992.

Current work on MRS facility siting will be terminated and design work will be redirected toward the modular canister concept. By December 31, 1992, the simplification of the MRS facility that may be possible through use of a standardized system will be defined.

Budget Adjustments

The Department is recommending to the Office of Management and Budget that the Nuclear Waste Fund be taken off-budget, in a revolving fund, for FY 1994 and makes a similar recommendation to the Congress. The off-budget concept would permit the Department to apply whatever resources are necessary to meet program needs and schedules, subject to Congressional appropriation.

Potential Compensation for Delay Costs

Some electric utility companies and state regulatory commissions have expressed a concern for compensation by the Federal government for on-site spent fuel storage costs due to potential delays in Department start of receipt of spent fuel in January 1998.

As a contingency action, the Department will promptly explore possible concepts of compensation and resolution of utility equity issues based upon payment or credit from the Nuclear Waste Fund and on no increase in the millage fee. If such an approach is found to be justified and practicable, the Department will notify the Congress of whatever new legislation may be required in order to provide such compensation.