

HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON ENERGY, CLIMATE, AND GRID SECURITY
“Oversight of NRC:
“Ensuring Efficient and Predictable Nuclear Safety Regulation for a Prosperous America”
JUNE 14, 2023

WRITTEN STATEMENT BY COMMISSIONER ANNIE CAPUTO
UNITED STATES NUCLEAR REGULATORY COMMISSION

Thank you, Chair Rodgers, Subcommittee Chair Duncan, Ranking Members Pallone and DeGette, and members of the committee for holding this important hearing. I have fond memories of my service to the Members of this great committee and am pleased to come before you today.

The title of today’s hearing, “Ensuring Efficient and Predictable Nuclear Safety Regulation for a Prosperous America” is very fitting. The primacy of the NRC’s mission to protect public safety and security, and the environment is indisputable. But we must innovate how we accomplish that mission and do so with a sense of urgency, in recognition of our national and global clean energy needs. We must innovate how we regulate, improve our performance, and cultivate results-driven leadership.

First: innovation. I consider the last two major regulatory innovations to be the development of the Part 52 licensing process and the Reactor Oversight Process, both developed in the 1990’s looking back on regulatory experiences that demonstrated a need for improvement. Now, with a wide range of advanced reactor technologies under development, I think the agency must innovate with an eye toward the future. As technologies emerge, our regulatory approach must keep pace.

Congress rightly recognized this need when it directed the NRC to develop a risk-informed, performance-based, technology neutral regulatory framework in the Nuclear Energy Innovation and Modernization Act (NEIMA). Significant work remains to develop the framework Congress envisioned: a framework that is truly risk-informed, reflecting the inherent safety found in advanced designs. I am rolling up my sleeves to work with my colleagues and shape a simpler, innovative rule that will be the foundation for predictable and timely safety reviews merited by these advanced designs. This will require considerable work on the part of the Commission, and our staff, but it is imperative that we focus our collective efforts to meet Congress's intent with a sense of urgency to allow safe nuclear energy deployment on a scale warranted by our national and global clean energy needs.

Second: performance improvement. We must strive to continually improve our performance, not simply measured by safety, but also by the efficient and timely completion of our work. As the old saying goes, you can't manage what you don't measure. If you aren't measuring, you won't know if something is getting better or worse. If you aren't measuring and gathering data, you can't make data-driven decisions. For over 20 years, we have successfully used performance indicators as an objective measure of licensees' safety performance in our Reactor Oversight Process.

However, there are few performance measures of ours that the Commission or the public see beyond those reported to Congress with our budget. Frankly, it's hard to consider those as performance indicators since they are only reported once a year and are not designed to guide performance or process improvement. Given the business intelligence tools the agency has available today, I believe we should have meaningful, near real-time measures available to the Commission and the public to track the duration and level of effort for our licensing reviews.

In NEIMA, Congress directed the NRC to develop generic milestone schedules for: design certifications, operating licenses, permits, license extensions, license amendments, power uprates, etc. Gathering data in this way would allow us to benchmark best practices, discover opportunities for process improvements, and refine budget estimates. First-of-a-kind reactors and first-of-a-kind license reviews are similar in that both bear higher costs than later reviews due to a learning curve. Performance indicators would help us verify whether the agency's learning curve is leading to more efficient, consistent, and predictable reviews. Lastly, measuring the agency's performance would enable us to hold ourselves accountable for improving. Releasing this information publicly is also one way to reduce perceptions of regulatory risk by providing Congress and external stakeholders with a window into our progress.

I am glad to see one of my colleagues recently emphasize timely decision-making by proposing that the Commission provide leadership and accountability and establish its expectations for effective, efficient, and timely new reactor licensing reviews. While I agree with his intent and aggressive timeline, I'm unconvinced it will achieve the results he seeks without a robust set of performance indicators I've described above.

Third: results-driven leadership. We must cultivate effective staff leaders who can innovate and not fall prey to groupthink; leaders who can implement and sustain change.

We need our staff leaders to cultivate a workforce built with the best talent and brightest minds dedicated to executing our mission and instill a culture of striving for the highest levels of performance. The agency is also in the midst of a workforce transition that will require significant efforts to hire, train, and integrate a sizable segment of new employees. At our

current attrition rate, approximately one third of our agency may transition over the next five years.

We must also empower our staff leaders to use their deep knowledge of the agency and its processes to renew our focus on licensing and oversight work. Our longstanding transformation effort, while well-intentioned, lacked clear, measurable goals. I fear that the few tangible outcomes have been outweighed by additional burden on the staff. Staff leadership should engage the agency in a back-to-basics effort to renew our focus on licensing and oversight work, risk-informing and streamlining internal operations, thereby reducing unnecessary busywork and stress on the staff. This would take significant leadership but would free up our employees' capabilities to prepare for and manage a wave of work that is likely to grow. I expect a reduction of unnecessary busywork would also improve job satisfaction for our employees which is something personally important to me.

I am humbled and honored to serve at an agency with such brilliant and capable staff. I'm confident they will strive to meet or exceed the goals we set for them. In 2008 and 2009, when NRC was rated "the best place the work," it was the start of the renaissance when the agency was executing an extremely heavy workload with challenging schedules and a sense of urgency.

We need to set clear and aggressive, but achievable goals in workload execution and use meaningful metrics to drive performance improvement. I believe this is crucial for the agency to enable the safe and timely development of small and advanced reactors in line with congressional expectations. I also think demonstrating that we can achieve timely reviews and celebrating those successes is vital to improving morale.

Last, but not least, our finances. The budget is the largest policy instrument for the Commission since it sets forth priorities and allocates resources. My longstanding view is that the agency needs to improve financial management and stewardship of its resources. The agency ended last fiscal year with over \$90M in carryover while requesting a \$38 million dollar increase for FY'23 and another \$52 million increase in FY'24. When the agency overbudgets, it must still collect the fees from licensees, applicants, and taxpayers.

All inspections and licensing reviews are billed—by the hour—to licensees and applicants. While this workload is expected to grow in the future, it hasn't yet. Our oversight and licensing work has decreased 46 percent since 2016. In 2023, this work will require only 419 FTE. That accounts for roughly 15 percent of our people and only 21 percent of the budget. The agency will spend 46 percent *more* on corporate support activities than on inspection and licensing work.

Our Principles of Good Regulation state: “The American taxpayer, the rate-paying consumer, and licensees are all entitled to the best possible management and administration of our regulatory activities.” We need to substantially improve our financial stewardship and I hope to work with my colleagues to improve our budget accuracy.

Conclusion

In conclusion, as the nation's safety and security regulator, we are the gatekeepers to the deployment of advanced reactors. The posture with which we approach our mission will have a distinct impact on whether nuclear energy will make a growing contribution to our energy needs. Congress has made clear its expectations that the NRC must keep pace and the drumbeat from external stakeholders is unmistakable: Our regulatory structure should be clear and

straightforward to navigate, and our decision-making should be timely, transparent, and predictable. It is incumbent upon us as an agency to innovate, to improve our performance, and to cultivate results-driven leadership capable of bringing it all together to meet these expectations.

Going forward I hope the Committee will continue its oversight, monitor our performance, and hold us accountable.

Thank you for the opportunity to provide my comments and I look forward to your questions.