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HDI PNP 2024-006

10 CFR 50.82(a)(7)
RG 1.184(C)(2)

April 9, 2024

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, D.C. 20555

Palisades Nuclear Plant
Docket Nos. 50-255 and 72-007
Renewed Facility Operating License No. DPR-20

Subject: Notification of Changes in Accordance with 10 CFR 50.82(a)(7)

In accordance with Title 10 of the Code of Federal Regulations, Part 50, Section 82 (10 CFR 50.82), "Termination of license," Subparagraph (a)(7), (10 CFR 50.82(a)(7)), Holtec Decommissioning International, LLC (HDI), on behalf of itself and Holtec Palisades, LLC (Holtec Palisades), is providing this notice of a significant change to the Palisades Nuclear Plant (PNP) decommissioning schedule. HDI intends to depart from the schedule described in the December 2020 Post Shutdown Decommissioning Activities Report (PSDAR) (Reference 1), specifically, to defer removal of all spent nuclear fuel and special nuclear material from the spent fuel pool to the Independent Spent Fuel Storage Installation (ISFSI). This change is being made to support the PNP restart project. Accordingly, this notice provides relevant updates on the status of PNP restart activities and the anticipated schedule for exiting decommissioning. For clarity, PNP will remain in decommissioning status until the power operations licensing basis (POLB) is reinstated. Additionally, this letter satisfies Regulatory Guide (RG) 1.184, "Decommissioning of Nuclear Power Reactors," Section C, "Staff Regulatory Guidance," Subsection 2, "Certification of Permanent Cessation of Operations," (RG 1.184 C.2), requirement to notify the NRC that HDI intends to pursue returning PNP to power operations.

Restart Project Update

Last year, HDI began the process of reinstating the PNP POLB. In March 2023, HDI filed a letter summarizing the licensing and regulatory path proposed to return PNP to power operations (Reference 2). While current regulations do not specify a particular process for reauthorizing operation of a nuclear power plant after both 10 CFR 50.82(a)(1) certifications are filed, the NRC has stated, in Reg Guide 1.184 and SECY-20-0110, "Denial of Petition for Rulemaking on Criteria to Return Retired Nuclear Power Reactors to Operations (PRM 50 117; NRC-2019-0063)," that it will evaluate such requests on a case-by-case basis using the existing regulatory framework available to licensees and staff (*i.e.*, exemption requests and license amendment requests). HDI has since submitted several of the filings contemplated in its March 2023 letter, including an exemption request from 10 CFR 50.82(a)(2) (Reference 6), a license transfer application (Reference 7), a license amendment request to reinstate the power operations Technical Specifications (Reference 8), and a license amendment request to reinstate the power operations administrative controls section of the Technical Specifications

(Reference 9). As HDI indicated in its preapplication engagement with NRC staff, HDI intends to submit two more licensing documents in the coming months to reinstate the power operations emergency plan and power operations quality assurance plan.

In parallel to these NRC licensing actions, HDI has been working to obtain a loan guarantee from the U.S. Department of Energy (“DOE”) under Title XVII of the Energy Policy Act of 2005. As previously communicated, HDI’s ability to obtain a loan guarantee was the key determinant to its decision to pursue the restart project. On March 27, 2024, the DOE announced issuance of conditional commitment for a DOE loan guarantee to Holtec Palisades. Accordingly, HDI is now redirecting most of its PNP resources, and will be adding substantial additional resources, to support the restart project, and HDI has modified the PSDAR decommissioning schedule as described below. Subject to NRC’s review of submitted and forthcoming licensing actions, HDI anticipates reinstating the POLB in the 3rd quarter of 2025.

Change to the PSDAR Schedule

The PSDAR contemplates that, during an approximately three-year window after permanent defueling, HDI will perform certain site modifications, and move all fuel from the spent fuel pool into dry storage on the ISFSI. Following removal of fuel from the spent fuel pool, the PSDAR describes a dormancy period during which the site will be maintained in a compliant and safe state. The dormancy period is scheduled from the 4th quarter of 2025 through the 4th quarter of 2035. The PSDAR does not contemplate any major decommissioning activities, as defined by 10 CFR 50.2, “Definitions,” prior to the dormancy period. Major decommissioning, demolition, and dismantlement are all scheduled to occur after the 10-year dormancy period.

As of the date of this notice, HDI has completed many plant deactivation activities described in the PSDAR, along with an ISFSI expansion, necessary to be completed prior to the start of the 10-year dormancy period. The PSDAR schedule describes one continuous fuel campaign to remove all fuel assemblies from the spent fuel pool beginning in early 2025 and finishing in July 2025. HDI is modifying the spent fuel management schedule to postpone removal of all fuel assemblies from the spent fuel pool. The revised spent fuel management schedule is as follows:

Beginning in third quarter 2024, HDI plans to remove approximately 518 fuel assemblies from the spent fuel pool to HI-STORM FW casks that will be stored on the ISFSI. This work is scheduled to be completed by the end of the first quarter 2025. Approximately 185 fuel assemblies will remain in the spent fuel pool. HDI will continue to operate the spent fuel pool in accordance with the permanently defueled licensing basis until the POLB is reinstated.

The decision to defer the full offload of the spent fuel pool is the only significant schedule change HDI is implementing at this time. HDI expects to exit decommissioning entirely upon reinstatement of the POLB and will formally rescind the PSDAR via a subsequent docketed notice. In the meantime, PNP will continue to be governed by the permanently defueled licensing basis, including the PSDAR, as modified by this notice. HDI will maintain staffing in accordance with the permanently defueled licensing basis and permanently defueled plant programs, and HDI will continue to implement applicable decommissioning compliance activities until the POLB is reinstated (e.g., maintaining plant equipment, surveillances, and documentation in accordance with the Decommissioning Quality Assurance Program (DQAP) (Reference 3), and the Defueled Safety Analysis Report (DSAR) (Reference 4)). There are no

other near-term significant schedule changes resulting from HDI's decision to pursue the restart project. If HDI materially alters the schedule for returning to power operations resulting in a significant change to the PSDAR activities schedule and cost, HDI will provide subsequent notice in accordance with 10 CFR 50.82(a)(7).

Compliance with 10 CFR 50.82

The foregoing change to the PSDAR schedule does not impact HDI's compliance with 10 CFR 50.82. In accordance with 10 CFR 50.82(a)(6):

Licensees shall not perform any decommissioning activities, as defined in 10 CFR 50.2, that—

- (i) Foreclose release of the site for possible unrestricted use;
- (ii) Result in significant environmental impacts not previously reviewed; or
- (iii) Result in there no longer being reasonable assurance that adequate funds will be available for decommissioning.

Deferring final offload of the spent fuel pool does not foreclose release of the site for possible unrestricted use or impact HDI's ability to do so on the 60-year timeline required by 10 CFR 50.82(a)(3). The only change to the PSDAR is the deferral of the full offload of the spent fuel pool and this does not foreclose HDI's ability to release the site for unrestricted use.

Deferring final offload of the spent fuel pool will not result in significant environmental impacts not previously reviewed. NRC staff has confirmed that the activities described in the PSDAR are bounded by previously issued environmental impact statements (Reference 5). Deferring the spent fuel management schedule does not change the scope or nature of decommissioning activities that will take place at PNP—just the sequence and schedule for performing them.

Deferring final offload of the spent fuel pool will not impact the reasonable assurance that adequate funds will be available for decommissioning. The schedule change postpones decommissioning activities to allow HDI to undertake restart work and exit decommissioning. The estimated costs to fully offload the spent fuel pool are already included in the decommissioning cost estimate. That estimate bounds the costs of partially emptying the spent fuel pool as described above. More importantly, HDI is managing the PNP nuclear decommissioning trust ("NDT") in a manner that preserves decommissioning funding. The value of PNP NDT assets as of March 29, 2024, was approximately \$561 million an amount that exceeds the most recent 10 CFR 50.75 formula amount for Palisades of \$544 million (Reference 10). Holtec Palisades will continue to manage NDT withdrawals in a manner that safeguards Holtec Palisades' ability to meet the requirements of 10 CFR 50.75, "Reporting and recordkeeping for decommissioning planning," upon returning to operational status. Prior to reinstatement of the POLB, HDI will continue to annually report to-go costs against the value of the NDT pursuant to 10 CFR 50.82(a)(8)(v). HDI's next report is due by March 31, 2025. In its recently filed license transfer application, HDI also committed to providing evidence of sufficient decommissioning funding prior to the return to power operations (Reference 7). If at any point HDI cannot demonstrate that NDT funds are sufficient to cover its then-applicable funding obligations, Holtec Palisades will provide additional funding assurance as required by NRC regulations. In sum, the decision to defer certain spent fuel management activities (and therefore costs) does not impact Holtec Palisades' ability to provide reasonable assurance that adequate funds will be available for decommissioning.

In accordance with 10 CFR 50.82(a)(7), a copy of this submittal has been sent to the State of Michigan.

This notice contains no new or revised regulatory commitments.

For questions related to this submittal, please contact Jim Miksa, HDI Manager of Regulatory Assurance, at 269-764-2945 or j.miksa@holtec.com.

Respectfully,

Jean A.
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Digitally signed by Jean A. Fleming
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Jean A. Fleming
Vice President, of Licensing, Regulatory Affairs, and PSA
Holtec International

- References:
1. Holtec Decommissioning International, LLC Letter to US Nuclear Regulatory Commission, "Post Shutdown Decommissioning Activities Report including Site-Specific Decommissioning Cost Estimate for Palisades Nuclear Plant," dated December 23, 2020 (ADAMS Accession No. ML20358A232)
 2. Holtec Decommissioning International, LLC letter to U.S. Nuclear Regulatory Commission, "Regulatory Path to Reauthorize Power Operations at the Palisades Nuclear Plant," dated March 13, 2023 (ADAMS Accession No. ML23072A404)
 3. Holtec Decommissioning International, LLC letter to U.S. Nuclear Regulatory Commission, "Update Report for Holtec Decommissioning International (HDI) Fleet Decommissioning Quality Assurance Program (DQAP) Revision 2," dated August 03, 2022 (ADAMS Accession No. ML22215A147)
 4. Holtec Decommissioning International, LLC letter to U.S. Nuclear Regulatory Commission, "Final Safety Analysis Report Update Revision 36," dated March 31, 2023 (ADAMS Accession No. ML23107A064)
 5. U.S. Nuclear Regulatory Commission letter to Holtec Decommissioning International, LLC "Palisades Nuclear Plant – Review of the Post-Shutdown Decommissioning Activities Report (EPID L-2022-LRO-0073)," dated May 2, 2023 (ADAMS Accession No. ML23087A036)
 6. Holtec Decommissioning International, LLC letter to U.S. Nuclear Regulatory Commission, "Request for Exemption from Certain Termination of License Requirements of 10 CFR 50.82," dated September 28, 2023 (ADAMS Accession No. ML23271A140)

7. Holtec Decommissioning International, LLC letter to U.S. Nuclear Regulatory Commission, "Application for Order Consenting to Transfer of Control of License and Approving Conforming License Amendments," dated December 6, 2023 (ADAMS Accession Nos. ML23340A161, ML23340A162)
8. Holtec Decommissioning International, LLC letter to U.S. Nuclear Regulatory Commission, "License Amendment Request to Revise Renewed Facility Operating License and Permanently Defueled Technical Specifications to Support Resumption of Power Operations," dated December 14, 2023 (ADAMS Accession No. ML23348A148)
9. Holtec Decommissioning International, LLC letter to U.S. Nuclear Regulatory Commission, "License Amendment Request to Revise Selected Permanently Defueled Technical Specifications Administrative Controls to Support Resumption of Power Operations," dated February 9, 2024 (ADAMS Accession No. ML24040A089)
10. Holtec Decommissioning International, LLC letter to U.S. Nuclear Regulatory Commission, "Report on Status of Decommissioning Funding for Reactors and Independent Spent Fuel Storage Installations – Holtec Decommissioning International, LLC (HDI)," dated March 29, 2024 (ADAMS Accession No. ML24089A117)

cc: NRC Region III Regional Administrator
NRC Decommissioning Inspector – Palisades Nuclear Plant
NRC NMSS Project Manager – Palisades Nuclear Plant
Designated Michigan State Official