



BACKGROUNDER

Office of Public Affairs

301.415.8200

www.nrc.gov ■ opa.resource@nrc.gov



Reactor License Transfers

Background

Mergers, acquisitions and reorganizations are a regular part of the electric power utility sector. All those financial events can prompt requests for the NRC to transfer nuclear power reactor operating licenses.

Since the NRC approved the sale of the Three Mile Island Unit 1 reactor in 1999, the NRC has reviewed more than 115 license transfer applications. A list of current license transfer applications can be found on the [NRC website](#).

Regulations Governing License Transfers and Related Regulations

NRC approval is required before a license transfer can occur. The agency's regulations on license transfers, in Title 10 to the *Code of Federal Regulations*, and Section 184 of the Atomic Energy Act, include:



- [10 CFR Part 2, Subpart M](#) - Public Notification, Availability of Documents and Records, Hearing Requests and Procedures for Hearings on License Transfer Application
- [10 CFR 50.33](#) - Contents of applications; general information
- [10 CFR 50.38](#) - Ineligibility of certain applicants
- [10 CFR 50.40](#) - Common standard
- [10 CFR 50.75](#) - Reporting and recordkeeping for decommissioning planning
- [10 CFR 50.80](#) - Transfer of licenses
- [10 CFR Part 51](#) - Environmental Protection Regulations for Domestic Licensing and Related Regulatory Functions
- [10 CFR Part 140](#) - Financial Protection Requirements and Indemnity Agreements

Types of License Transfers and Breadth of Review

License transfers can be direct or indirect. A direct transfer could involve the sale of a nuclear power plant that establishes a new power plant owner, thus resulting in a new power plant licensee. An indirect transfer could result from forming a new parent holding company or subsidiary having an ownership interest in a licensee, while the nuclear power plant licensee owner and/or operator remains unchanged. Direct transfers are less common, with the remaining indirect transfers generally occurring as a result of a merger or acquisition at high levels within or among corporations.

Technical Qualifications

NRC reviews of license transfer requests examine both the technical and financial qualifications of the proposed owner. The technical review is based on [agency regulations](#), the NRC Standard Review Plan for "Management and Technical Support Organization," and the American National Standards Institute publication, "Selection and Training of Nuclear Power Plant Personnel." The NRC's review focuses on determining whether the proposed owner has the technical expertise needed to safely operate the plant. This is generally not an issue in reviewing indirect transfers, where the licensee remains the same. For direct transfers, particularly when the operator changes, the scope of the review will depend on how much the existing plant personnel and organization will change.

Financial Qualifications and Decommissioning Funding Assurance

The NRC evaluates a proposed owner's finances with regards to the ability to operate and decommission the nuclear plant(s). The NRC uses [10 CFR Part 50.33\(f\)](#) to guide its financial review. If the proposed owner meets the "electric utility" definition in the NRC's regulations, no further review of financial qualifications for operations is generally required. In other cases the NRC evaluates revenue sources and the plant's projected 5-year operating costs. This helps the NRC determine whether the proposed owner can obtain the funds to operate the plant safely.

The NRC uses [10 CFR Part 50.75](#) to determine if the proposed owner has access to funds to decommission the nuclear plant(s) after permanent shutdown. NRC regulations provide several ways that owners can show they will be able to pay the full decommissioning cost.

Foreign Ownership

The NRC reviews license transfer requests to ensure there is no foreign control of safety-related activities. The Atomic Energy Act, and NRC regulations under 10 CFR Part 50.38, prohibit a proposed licensee from being "owned, controlled, or dominated" by a foreign individual or entity. For example, the 1999 transfer of Three Mile Island Unit 1 license to AmerGen Energy Company involved 50 percent ownership of AmerGen by British Energy, plc, a foreign company. As a result, the NRC required AmerGen to have a "negation action plan" where the other 50 percent, U.S.-based PECO, Inc., retained control over safety-related decisions, which also had to be made by U.S. citizens. Exelon has since become the sole owner of AmerGen.

Antitrust

The Atomic Energy Act does not require antitrust reviews of license transfer applications once a plant begins operating.

Insurance and Indemnity

The Atomic Energy Act also requires reactor owners to have insurance and indemnity to cover off-site claims of personal injury or property damage. The NRC reviews license transfer applications to make sure that protection is in place. The NRC also ensures that proposed owners have on-site property damage insurance to help cover reactor cleanup costs if an accident occurs.

NRC Guidance Documents

The NRC has developed the following guidance for license transfers:

- Antitrust Standard Review Plan (SRP), [NUREG-1574, Rev. 2](#), December 2007;
- Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance, [NUREG-1577, Rev. 1](#), March 1999,
- Management and Technical Support SRP, [NUREG-0800](#), March 2007,
- Integrated SRP on All Aspects of License Transfers, [NUREG/BR-0276](#), April 2000,
- Changes Concerning Foreign Ownership, Control, or Domination of Nuclear Reactor Licensees, Regulatory Information Summary [\(RIS\)-00-001](#), February 1, 2000, and
- Criteria for Triggering a Review Under 10 CFR 50.80 for Non-Owner Operator Service Companies, Regulatory Information Summary [\(RIS\)-01-006](#), February 15, 2001.

January 2020