common defense and security. Also, special circumstances are present. Therefore, the Commission hereby grants Duke Energy Carolinas, LLC's request for an exemption from the specific requirements of 10 CFR 50.46 for use of AXIOM® fuel rod cladding.

This exemption is effective upon issuance.

Dated: March 10, 2026.

For the Nuclear Regulatory Commission.

/RA/

Aida Rivera-Varona,

Acting Director Division of Operating Reactor Licensing, Office of Nuclear Reactor Regulation.

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NUCLEAR REGULATORY COMMISSION

[Docket No. 50–255; NRC–2026–1354]

Palisades Energy, LLC; Palisades Nuclear Plant; Exemption

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice; issuance.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) has issued an exemption in response to a request dated February 13, 2026, as supplemented by letters dated February 27, 2026, March 4, 2026, and March 9, 2026, from Palisades Energy, LLC. The exemption authorizes a one-time exemption for the Palisades Nuclear Plant to allow the use of the less restrictive work hour limitations described in the NRC regulations for a 60-day period starting on March 13, March 16, March 30, and April 4, 2026, for various covered individuals as described in the exemption.

DATES: The exemption was issued on March 13, 2026.

ADDRESSES: Please refer to Docket ID NRC–2026–1354 when contacting the NRC about the availability of information regarding this document. You may obtain publicly available information related to this document using any of the following methods:

- *Federal Rulemaking Website:* Go to *https://www.regulations.gov* and search for Docket ID NRC–2026–1354. Address questions about Docket IDs in *Regulations.gov* to Bridget Curran; telephone: 301–415–1003; email: *Bridget.Curran@nrc.gov.* For technical questions, contact the individuals listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.
- *NRC's Agencywide Documents Access and Management System (ADAMS):* You may obtain publicly available documents online in the ADAMS Public Documents collection at *https://www.nrc.gov/reading-rm/adams.html.* To begin the search, select ''Begin ADAMS Public Search.'' For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1–800–397–4209, at 301–415–4737, or by email to *PDR.Resource@nrc.gov.* The exemption request to authorize a one-time exemption for the Palisades Nuclear Plant to allow the use of the less restrictive work hour limitations is available in ADAMS under Accession No. ML26044A123. The supplements are available under Accession Nos. ML26058A024 ML26063A922, and ML26068A292, respectively.
- *NRC's PDR:* The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to *PDR.Resource@nrc.gov* or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. eastern time (ET), Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Marlayna V. Doell, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone: 301–415–3178; email: *Marlayna.Doell@nrc.gov.*

SUPPLEMENTARY INFORMATION: The text of the exemption is attached.

Dated: March 16, 2026.

For the Nuclear Regulatory Commission.

Marlayna Doell,

Project Manager, Plant Licensing Branch III, Division of Operating Reactor Licensing, Office of Nuclear Reactor Regulation.

Attachment—Exemption

NUCLEAR REGULATORY COMMISSION

Docket No. 50–255; Palisades Energy, LLC; Palisades Nuclear Plant; Exemption

I. Background

Palisades Energy, LLC (Palisades Energy, the licensee), is the holder of Renewed Facility Operating License No. DPR–20, which authorizes operation of the Palisades Nuclear Plant (Palisades). The license provides, among other things, that the facility is subject to all rules, regulations, and orders of the U.S. Nuclear Regulatory Commission (NRC, the Commission) now or hereafter in effect. The facility consists of one pressurized-water reactor located in Van Buren County, Michigan.

I. Request/Action

By letter dated February 13, 2026 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML26044A123), as supplemented by letters dated February 27, 2026 (ML26058A024), March 4, 2026 (ML26063A922), and March 9, 2026 (ML26068A292), the licensee requested a one-time exemption from the work hour requirements in Title 10 of the *Code of Federal Regulations* (10 CFR) Part 26, ''Fitness for Duty Programs,'' Section 26.205, ''Work hour controls,'' Paragraph (d), pursuant to 10 CFR 26.9, ''Specific exemptions.'' Specifically, the licensee requested to use the outage work hour controls in 10 CFR 26.205(d)(4) in lieu of the non-outage work hour controls described in 10 CFR 26.205(d)(3) and (d)(7) for various periods of no more than 60 days, or until Palisades is connected to the electrical grid, whichever occurs first, for individuals specified in Paragraphs (a)(2) and (a)(4) of 10 CFR 26.4, ''FFD [Fitness for duty] program applicability to categories of individuals.'' Within the request, as supplemented, the licensee requested one 60-day period; however, the starting dates for the period vary between the projects and groups of covered individuals. Personnel supporting the Fuel Handling Equipment (FHE) and Tesco projects will begin their 60-day period on March 13 and March 16, 2026, respectively, Health Physics personnel will begin their 60-day period on March 30, 2026, and personnel supporting all other restart activities will begin their 60-day period on April 4, 2026.

This exemption request follows the licensee's previously approved two exemption periods from the same work hour requirements. The first exemption period started on November 3, 2025, and expired on January 1, 2026. The second exemption period started on January 6, 2026, and expired on March 6, 2026.

Section 26.205(d)(3) of 10 CFR requires licensees to comply with the requirements for individuals to have a minimum number of days off per week depending on the duration of shift schedules, averaged over the shift cycle, and the duties being performed. Individuals working 8-hour shift schedules shall have at least 1 day off per week, and individuals who are working 10-hour shift schedules shall have at least 2 days off per week. Individuals working 12-hour shift schedules while performing the duties described in 10 CFR 26.4(a)(1) through (a)(3) shall have at least 2.5 days off per week and individuals working 12-hour shift schedules while performing duties described in 10 CFR 26.4(a)(4) shall have at least 2 days off per week. Section 26.205(d)(7) of 10 CFR, requires licensees to comply with the requirements for maximum average work hours wherein individuals may not work more than a weekly average of 54 hours, calculated using an averaging period of up to 6 weeks, which advances by 7 consecutive calendar days at the finish of every averaging period. The licensee seeks a one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7).

The requirements in 10 CFR 26.205(d)(4) provide that during the first 60 days of a unit outage, licensees need not meet the requirements of 10 CFR 26.205(d)(3) or (d)(7) for individuals specified in 10 CFR 26.4(a)(1) through (a)(4), while those individuals are working on outage activities. However, 10 CFR 26.205(d)(4) does require the licensee to ensure individuals specified in 10 CFR 26.4(a)(1) through (a)(3) have at least 3 days

off in each successive (*i.e.,* non-rolling) 15-day period, and that the individuals specified in 10 CFR 26.4(a)(4) have at least 1 day off in any 7-day period. This is collectively known as the outage minimum days off (MDO) requirement.

On July 24, 2025, the NRC issued a series of licensing and regulatory actions approving the licensee's request to reauthorize power operations at Palisades and return the plant to an operational status, including the Power Operations Technical Specifications (ML25157A127). The licensee implemented the power operations license, the final safety analysis report (FSAR), and the Power Operations Technical Specifications on August 25, 2025. Further, on August 25, 2025, Palisades transitioned directly into an outage under the Power Operations Technical Specifications to restore the plant for restart.

On October 24, 2025 (ML25293A007), the NRC approved an initial request by the licensee for an exemption to use the work hour requirements in 10 CFR 26.205(d)(4) in lieu of the non-outage work hour controls described in 10 CFR 26.203(d)(3) and (d)(7) for a period of no more than 60 days. With consideration of the additional mitigating actions, the NRC approved the exemption to support the extended use of the less restrictive outage work hour limits at Palisades for a 60-day period from November 3, 2025, through January 1, 2026, following the initial usage of the outage work hour limits starting from entry of the outage period on August 25, 2025, through the 60-day period permitted by 10 CFR 26.205(d)(4), which ended on October 23, 2025.

On January 5, 2026, the NRC approved a second request by the licensee for an exemption to use the work hour requirements in 10 CFR 26.205(d)(4) in lieu of the non-outage work hour controls described in 10 CFR 26.205(d)(3) and (d)(7) to support plant restart activities (ML26002A079). The licensee submitted two supplemental letters with additional mitigating actions dated December 26 and 31, 2025 (ML25360A002 and ML25365A936, respectively). The NRC staff determined that the proposed mitigating actions for the second exemption request would adequately manage acute and cumulative fatigue for personnel supporting plant restart activities. The NRC approved the exemption to use the less restrictive outage work hour limits at Palisades for a 60-day period from January 6, 2026, through March 6, 2026, following both the initial outage period and the first exemption period's usage of the outage work hour limits which expired on January 1, 2026.

The licensee submitted this third request for an exemption to use the work hour requirements in 10 CFR 26.205(d)(4) in lieu of the non-outage work hour controls described in 10 CFR 26.205(d)(3) and (d)(7) on February 13, 2026. The licensee stated that the period needed to support the restart activities was re-assessed and a third exemption was needed. The licensee stated this third one-time exemption will allow for more flexibility in the scheduling of covered work tasks and individual work hours as the Palisades restart effort continues. The licensee proposed mitigating actions discussed in the ''Mitigating Strategy'' section of the Enclosure to the February 13, 2026, submittal letter, and as supplemented by the response to the NRC's request for additional information (RAI) dated February 27, 2026, and the supplemental letters dated March 4, 2026, and March 9, 2026.

II. Discussion.

Pursuant to 10 CFR 26.9, the Commission may, upon application by any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR part 26 when the exemptions are authorized by law and will not endanger life or property or the common defense and security; and are otherwise in the public interest.

A. The Exemption is Authorized by Law

The proposed exemption would authorize a one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) to allow the use of the less restrictive work hour controls in 10 CFR 26.205(d)(4) for up to an additional 60 days, starting on March 13, March 16, March 30, or April 4, 2026, for specific project groups to allow the completion of plant restart activities at Palisades without violating NRC regulations. As stated, 10 CFR 26.9 allows the NRC to grant exemptions from the requirements of 10 CFR part 26. The NRC staff has determined that granting the proposed exemption will not result in a violation of the Atomic Energy Act of 1954, as amended, other laws, or the Commission's regulations. Therefore, the exemption is authorized by law.

B. The Exemption Will Not Endanger Life or Property

The purpose of Subpart I, ''Managing Fatigue,'' of 10 CFR part 26 is to ensure that worker fatigue does not compromise the abilities of individuals to perform their duties safely and competently. The purpose of 10 CFR 26.205(d)(4) is to provide licensees flexibility for a limited period in scheduling required days off while accommodating more intense work schedules associated with a unit outage.

During the proposed exemption period, personnel as described in 10 CFR 26.4(a)(2) and (a)(4) would be permitted to work in accordance with the outage MDO requirements in 10 CFR 26.205(d)(4) for various 60-day periods. In its February 13, 2026, submittal, the licensee's proposed mitigating strategy consisted of reducing the number of covered workers as compared to the second exemption period, committing individuals associated with certain projects to a rest and reset period [1] prior to the proposed third exemption period, and supervisory identification and assessment for fatigue and mental alertness in covered workers. The licensee proposed a 21-day rest and reset period where personnel identified in 10 CFR 26.4(a)(2) as Chemistry and 10 CFR 26.4(a)(4) as Maintenance and Projects, except individuals supporting the FHE and Tesco projects, would work no more than a maximum of 50 hours per week during the 21-day period. The licensee proposed a 29-day rest and reset period for individuals identified in 10 CFR 26.4(a)(2) as Health Physics supporting the plant restart and individuals identified in 10 CFR 26.4(a)(4) supporting the FHE project to work no more than a maximum of 50 hours per week during the 29-day period. The licensee proposed a 22-day rest and reset period for individuals identified in 10 CFR 26.4(a)(4) supporting the Tesco project to work no more than a maximum of 50 hours per week during the 22-day period.

The NRC staff reviewed the proposed mitigating actions and determined that they were not sufficient to prevent or mitigate cumulative fatigue for individuals covered by 10 CFR 26.4(a)(2) and (a)(4) during the exemption period. The proposed measures did not provide reasonable assurance of enhanced fatigue management, especially given that this is a third exemption request and those workers subject to 10 CFR 26.4(a) have been transitioning in and out of outage work hour controls for nearly 6 months, with only brief periods of normal work hours. By letter dated February 23, 2026 (ML26058A327), the NRC staff issued a RAI to the licensee requesting an explanation of how the proposed actions would mitigate cumulative fatigue, and what additional actions the licensee could provide to justify a third exemption request for another 60-day period of less restrictive work hour controls.

The licensee submitted its response to the RAI on February 27, 2026 (ML26058A024). In response to the NRC's concerns about cumulative fatigue across all individuals covered by the exemption, the licensee proposed an additional minimum of 4 consecutive days off between March 7, 2026, and May 26, 2026, for the following groups, in addition to a 21-day reset and reset period working no more than 50 hours per week between the second and third exemptions: Health Physics, Mechanical Maintenance, Electrical Maintenance, Instrumentation and Controls Maintenance, and Mechanical Seconded Millwrights. The licensee asserts that these 4 consecutive days off would align with the intent of 10 CFR 26.23(e), ''Performance objectives.''

Additionally, in the RAI dated February 27, 2026, the licensee identified that individuals in 10 CFR 26.4(a)(4) assigned to the Arc Pipefitters group began performing work on safety significant systems, structures, and components (SSCs) during the last week of October 2025, followed by 10-hour shifts with weekends off during November 2025. These individuals did not transition to outage work hour controls until December 8, 2025, and were not included in the groups working during the initial outage period that started August 25, 2025. The licensee asserts that the 21-day rest and reset period from March 7, 2026, to March 27, 2026, would be effective in mitigating cumulative fatigue for the Arc Pipefitters group.

The licensee placed the individuals assigned to the Tesco and FHE project groups on a reset and reset period that started on February 15, 2026, through March 8, 2026. The licensee stated that these groups had shorter periods using the extended outage

[1] The NRC staff notes that the term ''rest and reset period'' in this exemption refers to a period in which individuals are still available to work up to a maximum of 50 hours per week.

work hour controls than the rest of the onsite population before transitioning into their respective rest and reset periods. The Tesco Projects group used 40 days of the second exemption period before transitioning to a rest and reset period on February 15, 2026, and FHE used only 33 days of the second 60-day exemption period before transitioning to a rest and reset period on February 8, 2026. The licensee asserts that these 22-day and 29-day rest and reset periods would be effective in mitigating cumulative fatigue for these two groups.

In response to the NRC's concern about cumulative fatigue for the personnel identified in 10 CFR 26.4(a)(2) as Health Physics, the licensee increased the rest and reset period commitment associated with the proposed exemption request. These personnel were originally observing a 29-day rest and reset period that started on February 15, 2026, through March 15, 2026. The licensee increased the rest and reset period commitment for the Health Physics group of no more than 50 hours maximum per week from 29 days to 43 days starting from February 15, 2026, through March 29, 2026. The licensee asserts that these mitigating strategies provide assurance that the effects of cumulative fatigue will be minimized.

Palisades has been in an outage status since August 25, 2025, with multiple 60-day periods of outage work hour controls. Therefore, the NRC staff asked the licensee to develop a fatigue recovery and monitoring plan to address the ongoing extended outage period, the extended use of outage work hour controls, and the associated cumulative fatigue through the end of the outage and prior to the startup of the plant. To address the continued accrual of fatigue accumulation, Palisades Energy will direct leadership to evaluate schedules and provide additional time off during the exemption period, implement a bi-weekly site-wide communication emphasizing fatigue management and self-declaration, and ensure any individual determined to be fatigued will be removed from work until a break of 10 hours has been provided or a fatigue assessment determines the individual is fit to return to their covered duties.

To monitor ongoing fatigue risk using performance indicators, the licensee stated that supervisors are required, during outages, to complete 10 safety observations per month using the Behavioral Safety Observation form, which addresses human performance. The licensee added that field supervision of these observations would continue to be performed with an emphasis on human performance. The licensee noted that the site is committed to using the CARE–5 performance tool. Specifically, the CARE–5 ''Take a Minute'' topic is included in the Behavioral Safety Observation Form and addresses fitness for duty and fatigue. The licensee stated that it will direct field supervisors to dedicate a portion of their weekly observations to fatigue management. In addition, the licensee will monitor the observation program and corrective action program for predictive indicators such as human performance errors, near-misses, or other trends which could indicate an increased risk of accidents, injuries, or errors of omission or commission.

In the previous exemption approved by the NRC on January 5, 2026, the licensee provided a commitment in the supplement and RAI response which stated that Palisades Energy would enhance their Human Performance Program error prevention tools to include self-awareness of fatigue as a potential proficiency obstacle that will be assessed during pre-job briefings. For the current exemption request, the NRC staff asked the licensee to confirm if this change was a temporary enhancement or permanent enhancement to their Human Performance Program. The licensee confirmed that this was a permanent change to the Human Performance Program.

The NRC staff evaluated the third proposed exemption, work schedules, mitigating actions, and the information provided in the RAI response. Based on the information provided in the submittal, as supplemented, all individuals in 10 CFR 26.4(a)(2) and (a)(4) that this exemption applies to have, at a minimum, adhered to the outage work hour requirements in 10 CFR 26.205(d)(4). The licensee provided information that demonstrated that during the second exemption period, from January 3, 2026, through February 28, 2026, of the 17 positions, 6 (Chemistry, Champion Electricians, Champion Projects Day and Night, Champion Boilermakers, and Champion Pipefitters) have maintained a schedule at or near 54 hours per week with some individuals in those positions exceeding 54 hours per week. During the same period, the remaining 11 positions exceeded 54 hours per week or worked at the maximum of 72 hours per week. The NRC staff determined that these 11 positions would be at the highest risk for cumulative fatigue if the proposed exemption was granted.

Palisades has been in an outage status since August 2025 implementing outage work hour controls for 60 days during the initial outage, 46 out of the 60 days permitted during the first exemption, and 60 days during the subsequent exemption, not including the rest and reset periods between those 3 periods. There are approximately 195 days over the time period from August 25, 2025, through March 6, 2026. Not including the rest and reset periods, the individuals assigned to projects during this proposed exemption period will have had the ability to work up to 72 hours per week for 166 of the 195 days, which is over 85 percent of the time since Palisades activated its Power Operations License. The NRC staff note that Palisades Energy has utilized the outage work hour controls for a greater period of time than non-outage work hour controls and consider the duration and successive nature of the exemption requests to result in the continued increase in cumulative fatigue which can degrade an individual's ability to safely and competently perform their duties. Some groups in the exemption did receive additional rest and reset time outside the remaining 29 days; however, most groups identified in the exemption request also worked more than 54 hours per week in the period immediately prior to this proposed exemption. In this context, 54 hours refers to the requirement specified in 10 CFR 26.205(d)(7), which would constitute normal work hours per week.

The licensee has been using the outage work hour controls permitted by 10 CFR 26.205(d)(4) in lieu of the non-outage work controls of 10 CFR 26.205(d)(7). The objective of the MDO requirements in 10 CFR 26.205(d)(4) is to ensure individuals performing the duties described in 10 CFR 26.4(a)(1) through (a)(4) have sufficient long-duration breaks to prevent cumulative fatigue from degrading their ability to safely and competently perform their duties. The individuals in this exemption have continued to extend the use of the work hour controls in 10 CFR 26.205(d)(4) which is set at a 60-day duration for the express purpose of preventing the accumulation of cumulative fatigue. The two previous exemptions granting extensions of the outage period beyond the initial 60-day outage has increased the potential for cumulative fatigue and fatigue-related personnel errors. The licensee addressed this in their RAI response.

In the RAI response, the licensee increased the duration of the rest and reset period for individuals specified in 10 CFR 26.4(a)(2) as Health Physics. The duration of the period increased from 29 to 43 days of working no more than 50 hours per week. Health Physics personnel utilized the outage work hour controls during the initial outage, first exemption, and subsequent exemption period.

In response to the RAI, the licensee also provided a fatigue recovery and monitoring plan to address the NRC staff's concerns about the indefinite plant restart activities and uncertain duration of the outage period. The licensee stated that they would take the following actions outside the rest breaks in 10 CFR 26.205(d)(2) and the minimum days off in 10 CFR 26.205(d)(4) to mitigate the continued accumulation of fatigue: direct leadership to evaluate their schedules, and where feasible, provide additional time off; implement a bi-weekly, site-wide communication emphasizing fatigue management and encouraging self-declaration; and ensure individuals determined to be fatigued will be removed from covered work until a break of at least 10 hours has been provided or a fatigue assessment finds the individual fit for duty. The licensee provided three actions to address how fatigue risk will be actively monitoring using performance indicators including: (1) supervisors completing 10 safety observations per month using the Behavioral Observation form, with an emphasis on human performance, (2) directing field supervisors to dedicate a portion of their weekly observations to fatigue management using the CARE–5 performance tool, and (3) monitor the observation program and corrective action program for predictive indicators of fatigue. The licensee also stated that in addition to transitioning the remaining covered workforce to the requirements in 10 CFR 26.205(d)(7), Palisades Energy will encourage leadership to provide additional time off in support of fatigue recovery and continue to approve time-off requests when feasible.

The NRC staff evaluated the provided fatigue monitoring and recovery program and

determined that these actions do not provide additional reasonable assurance that individuals will be free from the effects of fatigue as described in 10 CFR 26.23(e). The actions specified in the plan are appropriate fatigue management measures which should be part of daily operations. In general, these actions should be incorporated into the licensee's fatigue management program to ensure they have a robust and effective fitness-for-duty program that addresses fatigue management. Palisades Energy leadership providing additional time off would provide additional rest for individuals during the exemption period and at the end of the outage. However, this is contingent on the feasibility of leadership providing the time off and providing a definitive period of recovery prior to the start of the plant. Under the current conditions of extended outage work hour controls across multiple exemption periods and considering the associated continued cumulative fatigue accumulation, the licensee's provided fatigue monitoring and recovery program does not provide sufficient additional reassurance during a third exemption period. Therefore, the staff did not rely on the provisions of the licensee's proposed fatigue monitoring and recovery program, to make the findings necessary for this proposed exemption, even though these provisions are considered appropriate for a fatigue management program, in general.

For this third proposed exemption, the licensee provided a new commitment to implement a bi-weekly site-wide communication emphasizing fatigue management and self-declaration during the period of the exemption. The NRC staff deems this commitment important considering the duration of the outage period since August 25, 2025, and the extended use of outage work hour controls during this time. As indicated in the Statement of Considerations for the 10 CFR part 26 Rule, the NRC staff notes that self-declaration and training in fatigue management may not be implemented consistently during outage periods, and therefore are not substitutes for work hour controls that effectively prevent cumulative fatigue.

The NRC staff held two technical calls with the licensee on March 3, 2026, and March 4, 2026, to address the licensee's response to Question 1.a of the RAI. The licensee submitted a supplement to the RAI response on March 4, 2026 (ML26063A922), providing additional information in response to the technical calls with the NRC. The licensee stated that the restart project involves a broader work scope, the potential for schedule extensions, and the need to manage cumulative worker fatigue. Unlike a normal outage, the licensee noted that the restart project includes additional layers of protection of public health and safety including return-to-service plans for SSCs, the NRC's restart inspection program, additional quality assurance and quality control requirements during system testing and repowering, incremental mode ascension, and surveillances required by the Power Operations Technical Specifications. The licensee stated that these programs provide additional protections to public health and safety by ensuring fatigue or other factors do not result in latent errors during the restart project in a manner that jeopardizes public health and safety.

The NRC staff evaluated the licensee's statement addressing public health and safety, specifically the nexus between the restart project activities and safety. While the programs noted in the licensee's statement provide layers of protection for public health and safety, these programs are required to be completed to ensure safety during the plant restart effort. However, the personnel supporting the plant restart project have continued to work scheduled hours which exceed the 60-day limitation for outage work hour controls and are inconsistent with the intent of the 10 CFR part 26 fatigue management rule. Extended outage work hour controls and successive exemption periods reduce the protection of public health and safety afforded by the layers of protection described above. This reduction of the protection for public health and safety substantially increases the potential for cumulative fatigue, fatigue-related errors, latent errors, and human performance issues related to fatigue, as well degrading an individual's ability to safely and competently perform their duties.

The licensee understood the NRC's concern regarding cumulative fatigue in the context of three successive exemption periods. By supplemental letter dated March 4, 2026, the licensee amended two commitments in the RAI response. The first amended commitment increased the duration of the rest and reset period for all individuals described in 10 CFR 26.4(a)(2) and (a)(4) from 21 days to at least 4 weeks of working no more than 50 hours work per week. The affected groups include Chemistry, Mechanical Maintenance, Champion Electricians, Electrical Maintenance, Instrumentation and Controls, Champion Project Days, Champion Projects Nights, Champion Boilermakers, Champion Pipefitters, Champion Material Handling, Champion Operating Engineers, Champion Painters, Arc Pipefitters, and Mechanical Seconded Millwrights. The second amended commitment increased the rest and reset period for individuals assigned to the Tesco Projects group from 22 days to 29 days. The remaining commitments in the RAI response remain unchanged.

The NRC staff evaluated the amended commitments along with the commitments provided in original RAI response. All applicable individuals in the third proposed exemption would receive at least 4 weeks of work hours that are less than or equal to the work hour controls in 10 CFR 26.205(d)(7). In addition to these periods of work hours, these individuals would continue to receive breaks between shifts in accordance with 10 CFR 26.205(d)(2)(i) and rest breaks per 10 CFR 26.205(d)(2)(ii). While the breaks between shifts provide adequate opportunity for sleep, full days off provide more opportunity for recovery sleep and time for individuals to meet daily living obligations which if not met could result in forgoing activities or sacrificing sleep, thus increasing their sleep debt and resulting in impairment on the job. The increase to the rest and reset period duration for personnel in 10 CFR 26.4(a)(2) and (a)(4) ensures individuals working 8-hour shifts receive at least 1 day off per week, individuals working 10-hour shifts receive at least 2 days off per week, and individuals working 12-hour shifts receive at least 3 days off per week for the duration of the rest and reset period. The increased duration of the rest and reset period and working fewer than 50 hours per week provides assurance that prior to the proposed third exemption individuals will receive a sufficient period of long-duration breaks to minimize cumulative fatigue from degrading their ability to safely and competently perform their duties.

The licensee submitted an additional supplement on March 9, 2026, that addresses information that was discussed with the NRC during a conference call on March 6, 2026. During the conference call, the licensee identified a need to utilize additional supplemental worker groups on a case-by-case basis to support the Palisades restart project activities. These additional supplemental workers were not included in the initial third exemption request because they are not currently performing work at Palisades. The licensee requested that these workers, when they arrive to perform work, be exempt from the current rest and reset period being observed by the individuals in 10 CFR 26.4(a)(2) and (a)(4) covered by the third exemption request. It was also requested that these individuals be allowed to utilize the outage work hour controls in 10 CFR 26.205(d)(4) upon the start of performing duties as specified in 10 CFR 26.4(a). The request to utilize outage work hour controls for these additional supplemental workers is not to exceed 60 days or June 2, 2026, whichever occurs first for each additional supplemental worker.

The NRC staff reviewed the second supplemental letter containing a new request for additional supplemental workers. These workers have either not arrived at the site to perform duties specified in 10 CFR 26.4(a) or have not performed work at Palisades since January 1, 2026. For the additional supplemental workers, the licensee stated they plan to comply with Regulatory Position C.10 from NRC Regulatory Guide 5.73, ''Fatigue Management for Nuclear Power Plant Personnel,'' which states, in part, that when personnel transition between outages and the interval between successive outages is less than 9 days, the licensee should determine if the individual has had a 34-hour break period within the 9 days that precede the day the individual performs work for the licensee. In addition, the licensee should ensure the individual does not exceed 16 work hours in any 24-hour period, 26 work hours in any 48-hour period, and 72 work hours in any 7-day period.

In addition, the licensee referenced Section 7.3, ''Transitioning Onto a Shift or Between Covered Groups or Into a Covered Group,'' in Nuclear Energy Institute (NEI) 06–11, ''Managing Personnel Fatigue at Nuclear Power Sites,'' Revision 1, for use by the additional supplemental workers, which states that if an individual begins or resumes covered work during the calculation period, the licensee should include in the calculation

of the individual's work hours all work hours worked, including hours worked performing duties that are not covered work.

The NRC staff considered that the additional supplemental workers have not performed work at Palisades yet or since January 1, 2026. Furthermore, prior to the start of their duties, they would receive at least a 34-hour break between successive outages and during the period of work they would receive minimum days off as specified in 10 CFR 26.205(d)(4). In addition, the combination of mitigating actions and the commitments in the RAI response and supplements, except for rest and reset period, provided by the licensee would apply to the additional supplemental workers. This provides additional assurance that fatigue will be minimized prior to the additional supplemental workers' duties and managed throughout the period of the exemption.

The NRC staff determined that the mitigating strategy to provide a rest and recovery period prior to the proposed third exemption, in combination with the RAI response commitments and supplemental commitments, for individuals in 10 CFR 26.4(a)(2) and (a)(4) will allow the licensee to adequately manage cumulative fatigue during the third 60-day exemption period. Acute fatigue will be sufficiently managed through the breaks between shifts in 10 CFR 26.205(d)(2)(i). Cumulative fatigue will be sufficiently managed through the rest breaks in 10 CFR 26.205(d)(2)(ii), the minimum day off requirements in 10 CFR 26.205(d)(4), and the licensee's commitments to provide all individuals a minimum rest and reset period of at least 4 weeks starting March 7, 2026, through April 3, 2026. Individuals assigned to the FHE, Tesco, and Health Physics groups will receive a rest and rest period equal to or longer than 4 weeks that started between February 8, 2026, and February 15, 2026. In addition, individuals at the highest risk for fatigue due to the number of hours worked per week that are assigned to the Health Physics, Mechanical Maintenance, Electrical Maintenance, Instrumentation and Controls Maintenance, and Mechanical Seconded Millwrights groups will receive a minimum of 4 consecutive days off between March 7, 2026, and May 26, 2026, which will also reduce the accumulation of cumulative fatigue. Because the licensee proposed adequate alternative controls, mitigating actions, and commitments for managing cumulative fatigue among personnel in the exemption request for the duration of the one-time exemption, the NRC staff determined that fatigue will be adequately managed for all specified personnel in this exemption request and the requested one-time exemption will not endanger life or property.

C. The Exemption Will Not Endanger the Common Defense and Security

The proposed exemption would authorize a one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) to allow use of the less restrictive work hour controls described in 10 CFR 26.205(d)(4) for up to an additional 60-days. The proposed exemption is not applicable to security personnel, nor does it have any relation to or impact on security issues. Therefore, the exemption will not endanger the common defense and security.

D. The Exemption is Otherwise in the Public Interest

The proposed exemption would authorize a one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) to allow use of the less restrictive work hour controls described in 10 CFR 26.205(d)(4) for up to an additional 60 days. In considering whether the requested exemption would be in the public interest, the NRC staff considered several factors, including:

- the nature of the licensee's unique situation transitioning from decommissioning back to a power operations licensing basis, which requires restoration of safety-related equipment, among other plant restart activities; and
- the public health and safety interests of the communities that are impacted by the safe restart of the plant.

The NRC staff considered the unique situation of Palisades, which was previously in a decommissioning status; however, Palisades Energy has transitioned to a power operations licensing basis and is currently restoring safety-related equipment in addition to other restart-related inspections and repair activities during the ongoing outage to ensure the plant will be safe prior to restarting. The NRC issued an RAI to obtain additional information on the status of the Palisades restart effort and to identify why a third exemption would be necessary and in the public interest. Following the second exemption approved by the NRC, the licensee stated that additional restart-related work scope was identified which required the need for a third exemption from the work hour requirements in 10 CFR 26.205(d)(3) and (d)(7). The proposed third exemption would provide additional time under the less restrictive work hour limitations to allow more flexibility for scheduling of personnel subject to 10 CFR 26.4(a). The licensee noted that this would support the purpose of the fatigue management rule to ensure cumulative fatigue does not compromise the ability of individuals to perform their duties safely and competently. However, the NRC staff disagrees with the licensee that less restrictive work hour controls would support the purpose of the fatigue management rule. Additional time under less restrictive work hour controls, especially over approximately 6 months of utilization, which would stretch to almost 9 months under the proposed third exemption, could compromise an individual's ability to perform their duties safely and competently.

Outages are a key period when supplemental workers provide additional staffing to support the outage activities, and for many supplemental workers the availability of overtime is a key factor in deciding where to work. The staff considered that overtime plays a key role for plant personnel and supplemental workers to continue supporting the Palisades restart activities. In addition, the decrease in work hours for applicable personnel without the exemption could decrease the number of supplemental workers at the plant to support restart activities. A potential loss of supplemental workers could impact the ability of the licensee to perform the work necessary to restore safety significant SSCs in a timely manner.

The NRC staff considered the balance of public interest considerations, including the potential impacts of not granting the third proposed exemption, which could result in the delay of restarting the Palisades Nuclear Plant and could potentially delay the amount of energy available to the surrounding area. The NRC staff also considered the potential impacts resulting from the continued accrual of cumulative fatigue in personnel and determined, in Section III.B. of this exemption, that the proposed mitigating measures ensure that the granting of the proposed exemption will not endanger life or property.

In the supplement, the licensee stated that the requested exemption has a nexus to improved flexibility in the scheduling, planning, and implementation of restart activities which support the plant's return to service before peak summer electric demand. Palisades Energy noted that the various Michigan state entities have urged the plant to return to service to support regional grid reliability and resource adequacy. In addition, the licensee stated that the U.S. Department of Energy delayed retirement of a baseload facility in Michigan over the summer peak period to retain baseload generation to ''help prevent the potential loss of power to homes and local businesses in the areas that might have been affected by curtailments or outages that would otherwise pose a risk to public health and safety.''

The NRC staff determined that the exemption is in the public interest because flexibility in the scheduling, planning, and implementation of restart activities will allow the licensee to retain and utilize the skilled personnel necessary to continue working on the safety significant SSCs necessary to restart Palisades in a manner that will support the timely restart of the plant without endangering life or property. Timely restart of the plant in a manner that does not endanger life or property is in the public interest because the availability of this resource supports better overall grid reliability. Therefore, the NRC staff finds that approval of the requested exemption is otherwise in the public interest.

E. Environmental Considerations

The Commission has determined that granting the proposed one-time exemption from the requirements of 10 CFR 26.205(d)(3) and (d)(7) involves (1) no significant hazards consideration, (2) no significant change in the types or significant increase in the amounts of any effluents that may be released offsite, (3) no significant increase in individual or cumulative public or occupational radiation exposure, (4) no significant construction impact, and (5) no significant increase in the potential for or consequences from radiological accidents.

(1) Under 10 CFR 50.92(c), there is no significant hazards consideration if the action does not (1) involve a significant increase in the probability or consequences of an accident previously evaluated; or (2) create

the possibility of a new of different kind of accident from any accident previously evaluated; or (3) involve a significant reduction in a margin of safety.

The proposed exemption is administrative in nature because it provides an additional period when less restrictive hours can be worked for personnel identified in 10 CFR 26.4(a)(2) and (a)(4). The proposed exemption has no effect on SSCs and no effect on the capability of the SSCs to perform their design function. The proposed exemption does not make any changes to the facility or operating procedures and does not alter the design, function, or operation of any plant equipment. Therefore, the exemption does not increase the probability or consequences of an accident previously evaluated.

The proposed exemption does not make any changes to the facility or operating procedures and does not alter the design, function, or operation of any plant equipment. Similarly, the proposed exemption does not authorize any physical changes to any SSCs involved in the mitigation of any accidents. Therefore, the exemption does not create the possibility of a new or different kind of accident from any accident previously evaluated.

The proposed exemption does not authorize alteration of the design basis or any safety limits for the plant. The exemption would not impact station operation or any SSC that is relied upon for accident mitigation. Therefore, the exemption does not involve a significant reduction in a margin of safety.

For these reasons, the NRC has determined that approval of the exemption requested involves no significant hazards consideration.

(2) The proposed exemption does not authorize any changes to the design basis requirements for the SSCs at Palisades that function to limit the release of non-radiological effluents, radiological liquid effluents, or radiological gaseous effluents during and following postulated accidents. Additionally, the exemption does not change any requirements with respect to the conduct of radiation surveys and monitoring. Therefore, there is no significant change in the types or significant increase in the amounts of any effluents that may be released offsite.

(3) The proposed exemption does not affect the limits on the release of any radioactive material or the limits provided in 10 CFR part 20, ''Standards for Protection Against Radiation,'' for radiation exposure to workers or members of the public. Additionally, the exemption will not increase or decrease the amount of work activities that must be completed in order to connect the reactor unit to the electrical grid. Therefore, there is no significant increase in individual or cumulative public or occupational radiation exposure.

(4) The proposed exemption does not involve any changes to a construction permit; Therefore, there is no significant construction impact.

(5) The proposed exemption does not alter any of the assumptions or limits in the licensee's accident analyses. Therefore, there is no significant increase in the potential for or consequences from radiological accidents.

In addition, the requirements from which the exemption are sought involve other requirements of an administrative, managerial, or organizational nature. Accordingly, the exemption meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(25)(vi)(I). Therefore, in accordance with 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with the NRC's consideration of the exemption request.

III. Conclusions

Accordingly, the Commission has determined that, pursuant to 10 CFR 26.9, the exemption is authorized by law, will not endanger life or property or the common defense and security, and is otherwise in the public interest. Therefore, the Commission hereby grants Palisades Energy, LLC a one-time exemption from 10 CFR 26.205(d)(3) and (d)(7) for personnel identified in 10 CFR 26.4(a)(2) and (a)(4) to allow the use of the outage MDO requirements described in 10 CFR 26.205(d)(4) for a 60-day period starting March 13, March 16, March 30, or April 6, 2026, for individuals assigned to the FHE and Tesco projects, individuals in 10 CFR 26.4(a)(2) Health Physics, or individuals in 10 CFR 26.4(a)(2) Chemistry and (a)(4) Maintenance not assigned to FHE or Tesco projects, respectively. While the exemption is in effect, Palisades Energy, LLC will ensure that individuals specified in 10 CFR 26.4(a)(2) have at least 3 days off in each successive (*i.e.,* non-rolling) 15-day period; and that individuals specified in 10 CFR 26.4(a)(4) have at least 1 day off in any 7-day period.

Additionally, Palisades Energy, LLC will use the outage MDO requirements, the rest break requirements, the mitigating actions described in the February 13, 2026, enclosure, the commitments described in the RAI response dated February 27, 2026, and the amended commitments in the supplements dated March 4, 2026, and March 9, 2026. The proposed mitigating actions, supplemental mitigating actions, licensee commitments to limit work hours for individuals in 10 CFR 26.4(a)(2) and (a)(4), provisions to provide additional consecutive days off for Health Physics, Mechanical Maintenance, Electrical Maintenance, Instrumentation and Controls Maintenance, and Mechanical Seconded Millwrights, and commitment to a bi-weekly site-wide communication emphasizing fatigue management and self-declaration will adequately manage acute and cumulative fatigue for personnel performing duties in 10 CFR 26.4(a)(2) and (a)(4) during the third exemption period.

If the Palisades Nuclear Plant is connected to the electrical grid prior to the end of the approved 60-day exemption period, the supporting bases for this exemption are no longer met. Accordingly, the exemption shall end at the last date permitted for personnel approved to use the approved 60-day outage work hour controls, which is June 2, 2026. However, the following groups of individuals shall return to a normal work schedule as follows: FHE personnel on May 11, 2026, Tesco personnel on May 14, 2026, and Health Physics personnel on May 28, 2026. Furthermore, if the Palisades Nuclear Plant is connected to the electrical grid prior to the dates specified in this exemption for covered personnel to work outage work hour controls, the exemption will be deemed to have expired.

The Palisades restart project is a first-of-a-kind activity where a nuclear power plant in decommissioning status is being returned to operational status. Palisades, as a plant in decommissioning, was not subject to the fatigue management requirements in 10 CFR part 26 Subpart I. However, on August 25, 2025, Palisades implemented the Power Operations licensing basis, including the FSAR and the Power Operations Technical Specifications, and transitioned into an outage under the Power Operations Technical Specifications to restore the plant for restart and as a result became subject to the work hour control requirements in 10 CFR 26.205. This current exemption request and two prior exemptions from the work hour controls directly support restart activities unique to the Palisades restart project for specific groups of personnel, with specific consideration of the hours worked by each group prior to the issuance of this exemption, to support the numerous activities necessary to safely return the plant to an operational status. Regardless, the staff notes that fatigue is cumulative, and each request for an exemption from the work hour requirements specified in 10 CFR 26.205 are evaluated on a case-by-case basis specific to the circumstances of the facility in light of mitigation measures proposed to manage acute and cumulative fatigue, the timing between outage work hour schedules, and the hours worked by individuals.

Dated: March 13, 2026.

For the Nuclear Regulatory Commission.

/RA/

Aida Rivera-Varona,

Acting Director, Division of Operating Reactor Licensing, Office of Nuclear Reactor Regulation.

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NUCLEAR REGULATORY COMMISSION

[Docket No. 50–413; NRC–2026–1321]

Duke Energy Carolinas, LLC; Catawba Nuclear Station, Unit 1; Exemption

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice; issuance.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is issuing an exemption in response to a request dated August 18, 2025, from Duke Energy Carolinas, LLC, to allow the use of AXIOM® fuel cladding at Catawba Nuclear Station, Unit 1. Current NRC regulations limit applicability to the use