Investors seeking some direction on the potential severity of Japan’s nuclear crisis got it from a person most probably hadn’t heard of until last week.

“We believe that the secondary containment has been destroyed and there is no water in the spent-fuel pool,” Gregory Jaczko, chairman of the U.S. Nuclear Regulatory Commission, said at a congressional hearing on March 16. “We believe that radiation levels are extremely high.”

Stocks fell from the U.S. to Russia, with the Standard & Poor’s 500 Index ending the day down 2 percent. Currencies including the Australian dollar and Indonesian rupiah also fell, along with crude oil and copper. Market commentaries for an array of investments cited Jaczko’s remarks.

Japan’s nuclear crisis has thrust the agency that regulates U.S. atomic power plants into the spotlight. Policy makers and financial markets alike are listening to its chairman, a 40- year-old native of upstate New York who associates say has been one of the most aggressive advocates of nuclear safety on the five-member commission.

Some lawmakers “probably might have had trouble telling you what NRC stood for” before the crisis in Japan, said Kevin Cook, a former senior Republican aide on the House Appropriations Committee. “Now it’s taken a much higher profile,” Cook, now a Prescott, Arizona-based energy consultant, said in an interview.

Fifty Miles

On the same day he testified to Congress, Jaczko briefed President Barack Obama on conditions at the Fukushima Dai-Ichi nuclear plant. Based on his assessments, the U.S. Embassy in Japan ordered that American citizens stay 50 miles (80 kilometers) from the reactor complex. Japanese officials had ordered an evacuation to about 12 miles away.

While the Associated Press said Japanese officials denied that the cooling pond at one of the reactors had dried up, a condition that could cause spent fuel rods to ignite and release radiation, Jaczko stood by his comments then, and again yesterday on C-Span.
“I really can’t say that I have views on nuclear power or the nuclear industry,” he said. “I have views on nuclear safety.” His conclusion was based on reports from NRC experts on the scene, he said.

Attention on Jaczko and his commission will continue this week, starting with a public briefing on Japan today at the agency’s headquarters in Rockville, Maryland, north of downtown Washington. Hearings are scheduled on reactor safeguards on March 24.

**No ‘Stern Taskmaster’**

The crisis at the Japan plant may be “on the verge of stabilizing,” Bill Borchardt, the NRC’s executive director of operations, said at today’s briefing.

The NRC, created by Congress to regulate nuclear safety in 1974, hasn’t been as vigilant as its chairman might wish, said Representative Dennis Kucinich, an Ohio Democrat.

“He impresses me as someone who wants to do the right thing and of course the NRC has a tradition of not so much being a stern taskmaster of the industry,” Kucinich said.

Jaczko, who declined through a spokesman to be interviewed, was nominated to the NRC in 2005 by President George W. Bush and named chairman by President Barack Obama in 2009. He earned a bachelor’s degree in physics and philosophy at Cornell University in Ithaca, New York, before completing a doctorate in physics at the University of Wisconsin at Madison, according to the NRC.

Before joining the NRC, Jaczko was science adviser to current Senate Majority Leader Harry Reid, a Nevada Democrat, and worked for Representative Edward Markey, a Massachusetts Democrat and critic of nuclear power.

**Losing Side**

Jaczko has been on the losing side of NRC votes to strengthen safety measures, said Edwin Lyman, a physicist and expert on nuclear plant design at the Cambridge, Massachusetts- based Union of Concerned Scientists.

Greater exposure as a result of the crisis in Japan may translate into more pressure from Congress as the NRC prepares to rule on new nuclear reactor designs this year, Lyman said.

Last year, Jaczko ordered the NRC’s staff to stop considering a proposed nuclear waste repository at Yucca Mountain, Nevada, a move that angered Republican lawmakers who say he overstepped his authority. Reid, Jaczko’s former boss, was a vocal critic of the Yucca Mountain plan.
The NRC is “under tremendous pressure on the Hill as well as from industry to accelerate licensing actions,” Lyman said yesterday on a conference call with reporters.

**Quake, Tsunami**

Jaczko said on C-Span yesterday that the NRC should be able to complete its review of failures at the crippled Fukushima plant before reaching a decision on new reactor licenses in the U.S. He compared the commission’s work to its review of security measures at nuclear plants after the Sept. 11 terrorist attacks, which led to a requirement that operators add backup equipment to cool reactors and spent fuel pools.

“We think we have programs in place that would deal with the kinds of situations that we’re seeing in Japan,” he said on C-Span.

The crisis at the Fukushima plant began after it was struck March 11 by an earthquake and tsunami. The natural disasters knocked out backup generators needed to power systems to keep cool reactor fuel and spent nuclear fuel stored on site.

There are about 100 similar storage pools at about 60 sites in the U.S., said Robert Alvarez, a senior scholar at the Institute for Policy Studies and a former policy adviser to the U.S. Energy Department.

**Major Test**

A major test of the NRC will be how the agency addresses the issue of spent fuel storage, Alvarez said. Jaczko, who Alvarez characterized as “a straight shooter,” may end up in the minority, he said.

“Even though he’s chairman, there are other commissioners and he’s just one vote,” Alvarez said in an interview. “In order to fill seats on that commission, you have to get the OK from the nuclear industry.”

Nuclear plant operators had misgivings about Jaczko when he joined the NRC and then became chairman, Kai Anderson, who served with Jaczko on Reid’s staff, said in an interview. Jaczko was considered an “aggressive regulator,” said Anderson, now a lobbyist at Cassidy & Associates in Washington.

“He’s going to be the best thing that’s happened to them in the last couple of decades because he’s actually a real regulator,” Anderson said. “If Greg Jaczko tells me something’s safe, I believe him.”
To contact the reporters on this story: Jim Efstatthiou Jr. in New York at jefstatthiou@bloomberg.net and Simon Lomax in Washington at slomax@bloomberg.net

To contact the editor responsible for this story: Larry Liebert at liebert@bloomberg.net.