

Setting Minimum Requirements For StS Service Providers;

The Tanker Operators' Perspective

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Foreword

The work presented in this paper is the outcome of a combined support received by a number of Tanker Operators towards establishing minimum audit requirements, "Base Line Criteria" for STS Service Providers on the basis of OCIMF². The proposed process proved to be also in line with the scope of the new MESQAC³ from ExxonMobil, recently published, which requires from Tanker Operators to assess specific operational and location aspects prior to each STS operation, from 1/1/2018 onwards.

As long as tanker operators remain responsible and liable for the overall safety, it seems inevitable, that they will play a role in accepting the services offered by the STS Service Providers. By introducing a transparent audit process with "base line criteria" for the STS Service providers on behalf of Tanker Operators, onlineSTS.net members will be one step ahead in safeguarding their interests. This audit process has been tested and is ready to be implemented.

Currently audits of service providers are conducted only by some Oil Companies and traders as part of an internal non-transparent procedure. However, lack of transparency neither helps an improved safety culture nor a healthy competition. On the contrary, audits on behalf of tanker operators are fully transparent. Transparency is the key for assisting an improved safety culture, which is the common interest of all parties in STS operations.

Provided that this audit process is strictly focused on ensuring a minimum safety level on the provided services,

by introducing baseline criteria, there is no conflict of interest to any of the parties in STS operations. This scheme benefits all prudent organizations and serves its common interest, which is SAFETY. This applies especially to STS Service Providers, because prudent companies, by definition, have no conflict of interest to share safety practices with competitors.

The purpose of this paper is to establish a rigid conceptual ground for the minimum safety baseline criteria of this new audit process. Such proposed criteria are open for constructive discussion; Suggestion for improvements is encouraged.

The self-assessment scheme proposed by OCIMF is used as a basis of setting the necessary KPI's for minimum safety requirements. There is plenty of room for improvement of this scheme, however this is an excellent starting point because it is already a well-structured industry standard.

Introduction

Ship to Ship transfer operations have proven over the years to be a convenient way of transferring wet cargoes, either for lightering or trading purposes.

At commonly used charter parties, this operation is an option to the charterer. Should it be decided, the charterer will arrange for all the additional required gear and an experienced superintendent (POAC) to assist both masters of the participating vessels.

At this point, tanker operators, face the challenge to ensure the safety of the operation, although their

¹ This is a "live" document and it subject to amendments following feedback received from the Industry.

² OCIMF Ship to Ship Service Provider Management, Incorporating STS Service Provider Self-Assessment, First Edition, 2011

³ MESQAC (Marine Environmental, Safety and Quality Assurance Criteria) for International Ocean and seagoing vessels engaged in ExxonMobil affiliate service. 2017 Edition

experience is assumed limited and all the arrangements are made from the charterer, who acts as the STS organizer and bears all the necessary additional cost.

The Tanker operator, in order to respond diligently in this challenge (to ensure safety), has to be able to evaluate the planning of the operation as well as the services and assistance received from the STS Service Provider and the STS Superintendent. They need to ensure that they receive all necessary supplementary assistance/resources and eventually avoid operations where safety could be compromised, by substandard practices or organizations.

The ultimate goal – interest of Tanker operators

Tanker Operators do not need to plan and superintend the STS operations. This requires massive experience in different types of operations and in numerous different locations as well as resources. This is out of the scope of tanker operators business; indeed this is the business objective of the STS Service providers. Nevertheless, tanker operators have to be able to assess, safety-wise, the proposed planning. Thereafter they have to convey all required technical knowledge to their Master in order to allow him to build justified confidence on the quality of the services received by STS Service providers and the POAC.

The ultimate goal for tanker operators is to ensure that all the necessary resources and safeguards are in place along with efficient assistance and contingency planning. For example, tanker operators do not need to know all necessary resources and measures for each case; however, they need to be confident that the service provider knows and will advise the Master accordingly.

Performance records and experience of the service provider is an important indication of their competence; nevertheless they should also be able to prove that such competence is the outcome of a systematic process, reflected through a management system. The consistency of the management system is important since it constitutes a reliable barrier against complacency, following an adequate number of successful operations. Furthermore, an effective management system is the best recommended way for a company to gain knowledge, act proactively and eventually build a trusted safety culture.

Objectives

From the tankers operators' point of view, the following objectives have to be satisfied, prior proceeding with an STS operation:

1. All necessary resources and safeguards for the forthcoming operation would be in place. The Service provider should assist the Master to identify and put them in place and on time.
2. Some Service Providers offer good quality services while others offer better services. Tanker Operators need only to avoid substandard services.
3. As a normal practice, Tanker operators will not have a long business relationship with the service providers; their interest is limited only to the successful completion of the upcoming operation. Although the long-term commitment and sustainability is an indication of the expected quality of the received services by STS Service providers, Tanker Operators are requested to focus only on a specific operation each time.
4. The previous performance of the STS Service provider in operations with similar characteristics should be taken into account as far as this indicates the expected performance for the forthcoming STS operation.
5. Tanker Operators have normally a very specific obligation in their charter party. They have to perform operations according to latest OCIMF guidelines. This is the requirement of their employer and the STS Service Providers has the role to assist Tanker Operators in doing so.

The approach of onlineSTS.net (on behalf of tanker operators)

Generally, the only way to ensure the quality profile of a company is an independent onsite audit. Nonetheless, it is obvious that it is practically impossible that all tanker operators will audit all STS Service providers. The approach of DYNAMARINE, through the onlineSTS.net auditing concept, is to establish a fully transparent and shared audit scheme on behalf of all its members. This approach apart from being financially feasible, it has also a number of positive side effects with respect to a healthy competition and an advanced safety culture. The main principle that governs this initiative is that the procedure

will be fully transparent and open for productive dialogue from the entire industry.

Another important principle is that the process should be harmonized with OCIMF publications. All OCIMF guidelines should be taken into account; either by following the proposed guidelines, or by justifying the need of alternative, however safe techniques. The importance of this principle is obvious. Although OCIMF publications may have room for improvements, currently, this organization has set the most complete and reliable framework. In the same way, all regulations and other leading International Organizations' standards have to be fulfilled.

Flexibility is also important. The baseline audit criteria should be as uniform as possible; Moreover, local parameters, size of the organization, annual number of STS operations or other pertaining issues may also be equally important and have to be taken into account, as long as this is justified and transparent.

Practicality is also an important factor. Comprehensiveness and simplicity should be maintained as they play a significant role towards ensuring safety. STS service provider can easily understand and follow the requirements.

Additionally, the STS Superintendent should be capable of assessing risks and providing an advice that is practically correct and eventually supportive to the role of the Master. STS equipment should be the appropriate, well maintained, taking into account best industry practices. The operation should be in every respect well planned with due consideration to all foreseeable risks.

From the tanker operators' point of view, it is also of paramount importance that vessels will be informed promptly and comprehensively for all related issues.

The baseline of tanker operators

In order to practically implement the proposed auditing scheme, a baseline should be established. The baseline that is shown below is presented in terms of the stages of OCIMF self-assessment for the STS Service providers. This baseline is open for productive dialogue from all industry STS stakeholders.

The Self-Assessment scheme as proposed by the OCIMF includes 12 principal elements that addresses KPI's towards adopted policies and procedures. Each element consists of 4 stages and each stage a number of KPI's. (Similar scheme with the TMSA2)

The level of compliance depends on the safety culture as well as on the available resources of the service provider which is directly linked to the size of the organization, volume of STS operations conducted and perception of sustainability which does not compromise safety related issues.

KPI data provides an opportunity for STS Service Providers to use the results in managing their continuous improvement programs. STS service providers may decide to use KPI data as a stand-alone decision-making tool or in conjunction with the management tools they currently use for improving their quality systems. In either case, the feedback should give STS Service Providers a clear, objective picture of their performance and allow them to identify gaps and plan future improvements.

All elements address KPI's associated with SAFETY factors as well as procedures that regulate the impact and management of such factors within each organization. DYNAMARINE considers that the minimum level of compliance, as a base line, for a prudent organization is conveyed through compliance on below stages for each individual element. This is depicted on below graph:



█ Required for compliance

█ Above minimum standards

The proposed by OCIMF elements and KPIs, is a first approach to express minimum requirements. There is room for improvement; however, for sake of simplicity and standardization, the additional requirements other than the KPIs proposed by OCIMF will be kept to minimum.

The first stage of each element is always considered as "required". It is important that all available records should be consistent with the system presented by STS Service

providers. Tanker operators are recording the performance for each operation they conduct. This knowledge should always be taken into consideration.

Communication between tanker operators and STS Service providers is of paramount importance. All communication procedures will be validated based on tanker operators' requirements.

APPENDIX I includes a summary of the Self-Assessment KPI's as presented at OCIMF Ship to Ship Service Provider Management, First edition 2011.

The baseline analysis

Below an analysis of all elements follow along with the baseline justification.

1 Management, Leadership and Accountability

Minimum stage: 2

This element is focused on Safety and Environmental excellence and how this is treated throughout the SMS of the STS Service Provider. By fulfilling the first 2 stages, the management of the STS Service providers shows their commitment and that their employees understand and implement their vision. Stage 3 examines the introduction of Key Performance Indicators and the long-term vision of the management. Although this stage is important for an organization that intends to stay in the business for a long time, it has little to do with the safety of the next operation, which is what the Tanker Operator is worrying about. In general stage 3 and 4 are dealing with the long-term improvements. For this reason, Tanker Operators require a minimum stage 2 for this element. Nevertheless, for large organizations which conduct a considerable number of operations annually, it is strongly recommended to go further than stage 2.

1A Management, Leadership and Accountability

Minimum Stage: 1

This element focuses on specific features of the SMS that are important for Safety and Environmental Excellence. Stage 1 includes elementary features and thus it is supposed to be mandatory. Further stages deal with more advanced features. These features are important for the

quality and sustainability of the company; however, they are not imminent for the next operation, where tanker operators concerns are focusing.

2 Recruitment and Management of Personnel

Minimum Stage: 3

This is one of the most important elements because this refers to the STS Superintendents and the procedures of their recruitment. The recruitment procedure, the appraisal system and the personnel management is of utmost importance for the tanker operators in order to ensure that STS Superintendents will have all the required knowledge and skill to assist masters efficiently. For this reason, the first 3 stages are considered mandatory. The last stage focuses on supporting personnel to increase their skills and education to higher levels. This stage is not considered mandatory for tanker operators.

3 Due Diligence regarding Transshipment Locations

Minimum Stage: 3

This element deals with the assessment of STS locations. It includes also the assessment of operational subcontractors, such as freelance STS Superintendents, Equipment providers, etc. according to element 6. For tanker operators, the assessment of location is important and the first 3 stages are considered mandatory. Suitability, security and risk assessment are included in these stages. Stage 4 deals with the systematic documentation of the procedures of each transshipment location. For new or small organizations, this stage may not be mandatory, provided that all safeguards, controls and risk mitigation measures are in place.

4 Reliability and Maintenance Standards

Minimum Stage: 2

In this element, the maintenance of equipment is analyzed. Stages 1 and 2 are considered of utmost importance because they ensure a consistent management of the equipment, a clear certification and a proper maintenance system. Remaining stages are dealing with advanced features, such as redundancy in equipment, disposal policy, tracking etc. These features

assist STS Service Providers to manage their equipment more efficiently, avoid delays and assist to a low environmental footprint of their organization. Tanker operators are interested mainly for the 2 first stages that ensure that correct and well-maintained equipment will be used during the operation.

5 STS operations

Minimum Stage: 4

This is the most important element regarding the actual operations. It assesses operational features during the STS operations. All stages of this element have direct impact to the next operation and are important for tanker operators. It is also important for this element to ensure that STS guidelines of OCIMF are fully in compliance. Whenever recommendations by OCIMF are not followed, the alternative safe technique should be fully justified. Tanker operators are open minded and trust the expertise of STS Service Providers; however, a complete justification on safety issues is of utmost importance for the masters.

6 Employment of Contractors and Subcontractors

Minimum Stage: 1

Element 6 assesses procedures for hiring subcontractors. Subcontractors for services directly related with the STS operations, such as freelance STS superintendents, Equipment providers, etc. are examined in element 6 (Assessment of Transshipment locations) and is required to fulfill stage 3. Other subcontractors should fulfill the basic criteria of stage 1. Stages 2 to 4, which require a more thorough assessment of the SMS of the subcontractors, are important for excellence; however, they are considered that support mainly efficiency aspects and long-term vision that are not the first priority for the next STS operation.

7 Management of Change

Minimum Stage: 2

Management of change plays an important role to safety. However, new and small organizations may not need a very complicated procedure for management of change. Stages 1 and 2 examine the main structure of the procedure and some important features like the risk assessment, the training needs, the handover procedure etc. Remaining stages are assessing a number of

additional features like familiarization, documentation and management involvement. Tanker operators decided to request stages 1 and 2 of this element, which is adequate for new and small organizations. In case an extensive change takes place, especially for large organizations, it is strongly recommended to examine also stages above stage 2.

8 Incident Investigation and Analysis

Minimum Stage: 2

In the element 8, incident investigation procedure is examined. Stages 1 and 2 deal with the features of the actions taken after an incident. Although incident investigation is not directly affecting the next STS operation, is an important indication of the safety culture of the company. Thus, the first 2 stages are considered important and mandatory. Stage 3 requests similar actions for near misses and stage 4 refers to an advanced safety culture that supports the entire industry. Stages 3 and 4, although recommended, may not be considered as mandatory.

8A Incident Investigation and Analysis – Training

Minimum Stage: 2

The training of the incident investigators is important. Stages 1 and 2 depict advanced incident investigation training. Stage 3 encourages mainly the practical experience and stage 4 the continuous training scheme. Similarly, with the element 8, tanker operators decided that the first 2 stages should be mandatory.

9 Safety Management – Shore Based Monitoring

Minimum Stage: 3

Monitoring is very important for safety and Tanker operators needs to know that all procedures are adequately monitored. Stage 1 examines the onsite visits. Stage 2 takes into account a number of features regarding the risk assessment. Stage 3 ensures the monitoring of specific KPIs and the relevant targets. All these steps are considered mandatory. The last stage deals with some advance management review features which has great value mainly for keeping the consistency in larger organizations.

9A Safety Management – Monitoring During Operations

Minimum Stage: 2

Shore monitoring during operations is important. Stage 1 refers to the implementation of a number of significant points that normally are already planned during the planning phase. Stage 2 depicts the personalized training of the personnel. These 2 stages are important for tanker operators, because this gives an extra safeguard that the operation will be conducted as planned and that the involved personnel is appropriately trained. The remaining stages examine the overall safety culture on site and the implementation level of the continuous improvement scheme of the operational staff. These features focus primarily in the long term vision of the company and are not considered mandatory. Especially for small organizations it is important to allow for space and time in order to gradually implement stages 3 and 4. Large organizations should consider stages 3 and 4, which is highly recommended.

10 Environmental Management

Minimum Stage: 2

The management of environmental issues is important and tanker operators are committed in several ways to assist to the protection of the environment. Thus, an accepted environmental policy, along with a basic action plan should be considered mandatory (stage 1). Stage 2 is also considered mandatory in order to ensure that there is an efficient system in place that ensures that current regulations are always taken into account. The remaining stages are examining monitoring, targets and advanced action planning. The environmental footprint of an STS Service Provider during the next operations may be considered not important enough in order to request the fulfillment of stages 3 and 4. Probably larger organizations, who need a stronger reputation, may find the 2 last stages equally important.

11 Emergency Preparedness and Contingency Planning

Minimum Stage: 1

It is obvious that a robust contingency planning should be in place. Thus Stage 1 is mandatory. Stage 2 and 3 examine the Preparedness and redundancy level of the STS service Provider. It was a decision of Tanker operators to not include these stages in the minimum required set, provided that realistic drills are conducted (element 11A). Stage 4 examines the external resources and the conduction of realistic drills. Stage 4 is also excluded from the minimum required on behalf of tanker operators.

11A Emergency Preparedness and Contingency Planning

Minimum Stage: 1

This Element assesses the procedures related to the conduction of realistic drills. As far as realistic drills are conducted (stage 1), tanker operators decided not to focus more on this area. It is however obvious that it is for the benefit of the service provider to follow remaining stages, in order to get the most out of these drills and utilize them for improving their procedures and efficiency.

12 Management System Review

Minimum Stage: 3

The Management System Review and the auditing process ensure the consistency of the entire management system. Consistency is of utmost importance and thus stages 1, 2 and 3 are considered mandatory for this element. The audit plan, the training of Auditors, the reporting and the follow up are assessed in the three first stages. Stage 4 refers to advanced analysis of the audits and this may not apply to small or new organizations

APPENDIX I

Element	Stage	KPI Title
1	1	Management Commitment
	2	Employee Involvement
	3	Standards and Targets
	4	Monitoring
1A	1	SMS consistency
	2	SMS comprehensiveness
	3	Effective feedback
	4	Benchmarking and SMS effectiveness
2	1	Recruitment of STS superintendents
	2	Performance Monitoring of STS superintendents
	3	Retain and improve skills of STS superintendents
	4	Supporting excellence of STS superintendents
3	1	Suitability
	2	Security
	3	Risk Assessment
	4	Safequards / controls /measures
4	1	Basic equipment management
	2	Maintenance management
	3	Effective maintenance
	4	maintenance excellence
5	1	Basic STS procedures
	2	OCIMF compliance
	3	Risk Assessment
	4	Consistency
6	1	Basic selection criteria
	2	Advance selection criteria
	3	Risk based SMS
	4	Self Assessment
7	1	MOC Procedure
	2	Ensuring objectives of Management Of Change (MOC) Procedure
	3	Advanced MOC Procedure
	4	Management involvement
8	1	Basic Procedures
	2	Ensure Objectives of investigation
	3	Near misses
	4	Support Industry Safety
8A	1	Training
	2	Advanced Training

	3	Practical Experience of leader
	4	Continous Training
9	1	Annual on site monitoring
	2	Risk Assessment
	3	Safety Review
	4	Management review
9A	1	On site monitoring
	2	Personalised training
	3	Safety culture on site
	4	Safety culture at shore
10	1	Environmental Policy
	2	Monitoring of updates and regulations
	3	Monitoring of Environmental performance
	4	Environmental action plan
11	1	Effective Contingency Plan
	2	Emergency Response
	3	Response Team Redundancy
	4	External Resourses
11A	1	Regular Realistic Exercise
	2	Lessons Learned
	3	Advanced Tests
	4	Test the enquiry of external resources
12	1	Audit procedures
	2	Concistent Auditing scheme
	3	Follow up
	4	Continous improvement