

Justify your decisions, focus on operations

For various practical and commercial reasons, ship-to-ship transfer operations (STS) have become remarkably popular lately, a situation which is likely to continue.

As a consequence, a number of safety and pollution issues were considered and as result, the IMO responded with a new regulatory framework. Although STS operations have proved to be safely conducted without any significant incident over a long period of time, undoubtedly they have the potential for a large scale pollution incident, should sound management not be applied to all aspects of such operations.

DYNAMARINE organised a sponsored event on STS on 19th May 2012 entitled INTERNATIONAL FORUM ON STS 2012. Panel speakers addressed issues related to shipowners' liabilities, operational procedures by STS service providers, statutory compliance, screening and risk assessment methodologies that are currently being utilised by shipowners engaged in STS operations.

The event was organised after the awareness of delegates of the new MARPOL Chapter VIII of Annex I from the previous STS event

organised on 3rd March, 2011 jointly by the UK P&I club and DYNAMARINE.

Dr Alexandros Glykas representing DYNAMARINE in the welcoming speech to the forum said: "Dynamarine was given the momentum to proceed further and inform the maritime community and associates key sector organisations on their concept of screening and risk assessment; a materialised concept which started from an idea back in 2007 and was eventually presented to the maritime community after a long research and development period."

Since 1st April this year, the new MARPOL Chapter VIII Annex I has been implemented for all participating vessels. The requirements, or facts introduced by the new regulations, directly or indirectly are the following:

Shipowners must have policies and procedures in their STS plans, which have been approved by the flag administrations.

Records of STS operations must be retained for three years, thus they can be assessed, and

reviewed. The lessons learned along with good practices, will be included within the STS plans.

Requested charterers' clearances from owners for participating vessels became a standard policy, in order to keep away from, or share liabilities; an action that has been supported and strengthened by the new MARPOL chapter, since shipowners bear the liability for the safe

conduct of STS operations.

OCIMF has issued proposed policies towards STS service providers for self-assessment procedures and KPI's. Therefore, the proposed quality assurance as per paragraph 2.5 of latest STS OCIMF/ICS guidelines will have to consider the policies.

POAC's qualifications have been explicitly prescribed in Manual on Oil Pollution, Section I, "prevention of pollution".

According to Dr Glykas, there are certain reservations, which have arisen from the new requirements, such as:

- Will the above mentioned requirements complicate the STS operations for all stakeholders?
- What is the shipowner's further liability and by what means and actions will this liability be covered?
- What is the associated risk that the shipowners' take and how could this be mitigated?
- Do STS service providers envisage any change in their role, liabilities and logistics in their day to day job?

The theme of the new regulations is a clear step towards the reduction of accidents and especially towards reducing their effects on humans, the environment, as well as assets, as mentioned by Panayiotis Mitrou of Lloyds Register Hellas. In practice, however, successful implementation requires demonstration of adequate care, or even better "sound management" by shipowners and this is directly associated with the "prudent exercise of due diligence".

Normally, in order for a decision to be taken, all alternatives should be reviewed and a complete risk assessment should be planned. However, such a risk assessment in the case of an STS operation requires the examination and analysis of historical records of past STS transfers. IMO resolution and Chapter VIII of



STS operational problems were addressed at a seminar in Athens recently, organised by DYNAMARINE

MARPOL Annex I is clear; STS records should be kept for three years. It is evident for everybody that once records are available, these should be assessed and lessons, or best practices should follow.

Operations database

In order that shipowners can take advantage of past experiences in STS operations, the operation must be recorded. For this reason OSIS (Online STS Information System) was introduced and currently about 15 shipping companies participate in the scheme. As DYNAMARINE's Dr Stelios Perissakis explained, "OSIS is a database enhanced with policies and procedures. It is a platform, which has a goal to support future safety and sound management, as well as decision making activities. OSIS not only includes data, it also includes the whole concept of collecting and validating the acquired data from STS operations.

"It incorporates the handling of the data and the procedures and limitations of processing them. OSIS is beyond a data collection platform, it is a complete assessment tool and its goal is to fully support assessment of STS operations," Dr Perissakis said.

One issue that was pointed out was that OSIS' data property issue. It was explained that all assessment data is commercially sensitive and thus property remains with the company that enters the assessments into OSIS. The only data that may be exchanged between the users is statistical and consolidated data; not the assessments themselves. An example of STS consolidated assessment data may be found at www.onlinests.net/index.php?option=com_overrall.

OSIS has integrated all the automated and reliable procedures that are most likely required. It is a complete assessment tool and

its function is to fully support the assessment of STS operations. The assessments entered in OSIS take into account all parties involved in the operation. Implementation is claimed to be user friendly without adding any work to shore operators. Automatic notifications have been incorporated in case the findings need supplementary action. KPI's are also proposed and supported by the assessments.

Liability increased

From a legal point of view, the new regime in STS operations will increase owners' liabilities in STS operations, as pointed out by George Miltiadis Aspiotis of John G Hadjis & Partners.

Aspiotis said; "A basic principle is that responsibility during STS operation rests always with the tanker owner involved in the operation and could not be forwarded, or hoisted by any means to any sub-contractor, or other participant. Therefore, all tanker owners should exercise (and be able to prove they have in fact exercised) due diligence as far as a specific STS operation is concerned to the satisfaction of their H&M and P&I underwriters.

"In order for tanker owners to do that, apart from the development of a proper and approved STS plan, they must always perform before an STS operation, a thorough screening with respect to the participating parties (ie service providers/POACS/daughter vessels) to ensure that these participants fully comply with the resolution requirements. Such screening of course can be made through experts who specialise in such matters," he said.

Apart from liabilities associated with the shipowners, there were concerns expressed by Capt Bob Gilchrist from SAFESTS and Capt Raymond Ambrose from Shipload Maritime Pte associated with the role of a POAC in the

STS operations under the new regime. There is specific wording in the POAC qualifications within the Manual on Oil Pollution, section 1, § 6.2.1.2 that may initiate liabilities from the coastal states for POAC's.

Considering the logistics of the STS operations, it is not practically feasible for the POAC to have a thorough knowledge of both participating vessels' STS plans prior to the commencement of the operation, or be able to ensure various safety provisions that should be held under the operational responsibility of the Master of the vessel. Furthermore, if the STS plans are not followed, in addition to the vessels responsibilities, the POAC might be held accountable by the coastal state for an incident.

For this reason and in order to protect their liabilities, some STS service providers issue LOIs to their contractors, or shipowners, in order to be indemnified in case of an accident. However, this practice is not accepted by the P&I Clubs that cover shipowners' third party liability as explained by Nick Milner from Thomas Miller UK P&I Club. In cases where LOIs were passed onto shipowners, they should seek advice from their P&I Clubs.

The theme of IF STS 2012 addressed shipowners. "JUSTIFY YOUR DECISIONS, FOCUS ON THE STS OPERATION, SUPPORT YOUR REPUTATION". As there is no international regulatory body for controlling the performance of STS operations, responsibility for safety remains with the participating stakeholders. It is their duty to ensure that sound management takes place at all stages of the operation on a proactive, as well as post phase operation and be able to prove that they do so.

Finally, DYNAMARINE representatives said that they intend to organise an STS event annually in different maritime hubs worldwide.

TO

**JUSTIFY YOUR DECISIONS,
FOCUS ON THE STS OPERATION,
SUPPORT YOUR REPUTATION**



OSIS

**Screening and Risk Assessment for Participating Vessels, Service Providers and POAC's
Evaluation of Manager's STS Policies with respect to commercial impact and TMSA
Statistics and KPI's from Unique STS Assessment Customized Database
Customized solutions for charterers and coastal authorities**



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