

Subchapter M Information Session

The Big Picture

- ❖ Milestone in industry safety journey
 - Raises regulatory floor industry-wide
- ❖ A new approach to Coast Guard inspection
- ❖ Rooted in AWO, TSAC recommendations
- ❖ Retires the misleading “uninspected” label
- ❖ Displaces OSHA jurisdiction
- ❖ Preempts state regulation
 - Design, construction, alteration, repair, maintenance, operation, equipping, personnel qualification, manning



Positive Features of the Final Rule

- ❖ Improved formatting and clarity
- ❖ Highly responsive to AWO, TSAC comments
- ❖ Problematic equipment requirements for existing vessels removed
- ❖ No change to hours of service requirements
- ❖ Practical approach to implementation and phase-in
- ❖ Strong support for TSMS option
- ❖ No surprises to delay RCP acceptance as TSMS



What We'll Cover

- ❁ Subchapter M rule overview
- ❁ AWO Towing Vessel Inspection Working Group assessment
- ❁ Issue resolution process and status
- ❁ Subchapter M implementation policy status and process for industry review
- ❁ RCP acceptance as TSMS and RCP auditing options
- ❁ Near-term priorities and next steps



Coast Guard Opening Remarks

Subchapter M Rule Overview

46 CFR Subchapter M

Parts 136-144

- Certification
- Vessel Compliance
- Towing Safety Management System (TSMS)
- Third-Party Organizations
- Operations
- Lifesaving
- Fire Protection
- Machinery and Electrical Systems and Equipment
- Construction and Arrangement



Implementation Schedule

- ❖ Rule effective 7/20/2016
- ❖ Existing vessels:
 - Most requirements in Parts 140-144 take effect 7/20/2018 or date first COI is issued, whichever is earlier
 - COI phased in between 7/2019 and 7/2022
- ❖ New vessels (keel laid/major conversion after 7/20/17):
 - Meet all requirements and obtain COI before vessel enters into service



Compliance Options

❁ Coast Guard option

- Traditional inspection; all inspections conducted by Coast Guard

❁ TSMS option

- Use of safety management system and approved Third-Party Organizations to verify compliance



TSMS Option

- ❖ TSMS Certificate issued by TPO
 - Valid for 5 years
 - Company must maintain list of vessels covered by TSMS Certificate
- ❖ Internal TSMS audits:
 - Annual for management and all towing vessels
- ❖ External TSMS audits:
 - Management: Twice in 5 years
 - Towing vessels: Once in 5 years



Process for Obtaining COI

- ❖ Submit application to OCMCI (Form CG-3752)
 - Specify compliance option (TSMS or Coast Guard)
- ❖ TSMS option: Include objective evidence that:
 - Company/vessel comply with TSMS requirements (TSMS Certificate)
 - Vessel's structure, stability and essential systems comply with applicable requirements for intended route/service (Survey report from TPO)
- ❖ Inspection for certification
- ❖ OCMCI issues COI valid for five years



TSMS vs. Coast Guard Option

❖ Required inspections

- Initial inspection for certification
- Coast Guard option: Coast Guard inspects vessel annually
- TSMS option: Coast Guard conducts COI inspection every 5 years

❖ Required surveys and drydocking examinations

- Coast Guard option: performed by Coast Guard
- TSMS option:
 - External program in which surveys/examinations conducted by TPO; or
 - Internal program in which surveys/examinations conducted by company personnel, either as one event or over time



TSMS vs. Coast Guard Option

- ❖ Permit to Proceed and Permit to Carry Excursion Party
 - Coast Guard option: requires OCMCI approval
 - TSMS option: proceed as outlined in TSMS, notify OCMCI
- ❖ Functional vs. prescriptive requirements
 - Coast Guard option: requires OCMCI approval
 - TSMS option: may be documented in TSMS, approved by TPO



User Fee

- Mandated by law; fees set by regulation
- Coast Guard rulemaking to update current user fees under development
 - Inspection fees for towing vessels will differ based on compliance option chosen
- Until then:
 - No fee for initial COI
 - Subsequent annual inspection fee of \$1,030



Operations

- ❖ Similar to current regulations and RCP requirements
- ❖ Crew Safety and Training
- ❖ Safety and Health
- ❖ Vessel and Operational Safety
- ❖ Navigation and Communication Equipment
- ❖ Towing Safety
- ❖ Vessel Records



Lifesaving

- ❁ New requirements:
 - Survival craft
 - Lifejackets
 - Immersion suits
 - Lifebuoys
 - Visual distress signals
 - EPIRB
 - Line throwing appliance
- ❁ Credit for SOLAS compliance



Fire Protection

- ❖ Similar to current regulations
- ❖ New requirements:
 - Fire axe
 - Smoke detection system or detectors in berthing spaces
 - 2 firefighter's outfits and 2 SCBAs on ocean/coastal vessels >79 feet without fixed fire suppression system
- ❖ Credit for SOLAS compliance



Machinery and Electrical

- ❖ New requirements:
 - Pilothouse alerter system for vessels >65 feet
- ❖ Requirements for new vessels:
 - Built to recognized classification society/ABYC standards
 - Electrical engineering system requirements
 - Requirements for propulsion, steering and related controls for vessels moving a barge carrying oil/hazmat



Construction and Arrangements

- ❖ Requirements for new vessels:
 - Built to recognized classification society standards
- ❖ Requirements for existing vessels:
 - Meet standards applicable prior to effective date of Subchapter M
 - Watertight or weathertight integrity



Manning

- ❖ COI will specify minimum manning
 - TSMS may identify if/when additional personnel needed
- ❖ Draft Marine Safety Manual revisions published for comment July 15
 - Consistent with TSAC recommendations



Proposed Changes to MSM Vol. III

- ❁ Sample manning scales for inspected towing vessels based on route, tonnage, length of voyage and watch system
 - Minimum manning with variables for:
 - Regulatory considerations
 - Additional manning as provided in TSMS based on operational factors
 - Reduced manning based on machinery space attendance
- ❁ Examples:
 - Rivers, no 12-hour operation limit:
 - 1 Master, 1 Mate/Pilot, 2 deckhands
 - Domestic Near Coastal/Oceans/Great Lakes, 200-299 GRT, <600 miles:
 - 1 Master, 1 Mate, 1 AB, 1 OS, 1 Chief Engineer, 1 Assistant Engineer
 - With periodically unattended machinery space (PUMS), OCMI may reduce engineering personnel



Questions & Discussion

AWO Towing Vessel Inspection Working Group Assessment

Priority Issues

- ❖ Effective dates of three requirements in Parts 143 and 144
- ❖ Interpretation of “major conversion” and “replacement in kind”
- ❖ PIC-fuel transfer requirement
- ❖ Additional guidance for vessel owners choosing TSMS option



Dates in Parts 143-144

- ❖ §143.300 (d), §144.105 (c) and §144.135 (c) would have applied to towing vessels on which new installations are made after July 20, 2016
- ❖ Coast Guard acknowledged error and corrected dates in July 21 *Federal Register* notice
- ❖ Positive early example of partnership to identify and resolve issues



Major Conversion and Replacement in Kind

- ❖ Could trigger application of requirements for new vessels to existing vessels
- ❖ Problematic preamble discussion of engine repowering
- ❖ Definition of replacement in kind includes upgrades
- ❖ Written clarification from Coast Guard needed
- ❖ Coast Guard has acknowledged preamble language does not reflect its intent and is not consistent with precedent



PIC-Fuel Transfer

- ❖ Inspected vessels required to have credentialed officer or Tankerman-PIC supervise fuel transfer
- ❖ Uninspected towing vessels may have PIC-fuel transfer designated by letter
- ❖ Need solution to ensure individuals serving as PIC-fuel transfers on towing vessels now can continue to do so after transition to inspection
- ❖ Coast Guard working on plan to address issue



Guidance on TSMS Option

- Scope of inspection for certification
- Full credit for audits and surveys conducted prior to application for COI
- Ensure vessels can continue on existing audit and survey cycles
- Will address with Coast Guard in review of TSMS guidance, discussions following acceptance of RCP as TSMS



Other Issues and Questions

- ❁ Part-by-part review of rule to identify questions or concerns regarding:
 - Definitions – What does the Coast Guard mean by a word or phrase?
 - Application – What is the application of this requirement to a particular area of operation or configuration of equipment?
 - Rationale – What is the Coast Guard’s intention in creating this requirement?
 - Impacts – What is the impact of this requirement on other regulations or policy?
 - Clarifications – Can the Coast Guard make this requirement clearer so that it is applied consistently?
 - Guidance – Can the Coast Guard provide more information about what it will consider to be compliance with this requirement?



Examples of Questions

❁ Certification:

- How do the required annual COI phase-in percentages apply to a company with subsidiary companies?

❁ Audits and Surveys:

- What is the required extent of TPO oversight of a company's internal survey program?
- How will the Coast Guard determine whether internal auditor independence from the procedures being audited is practicable?
- Why must vessels be selected for external audits randomly if all vessels must be audited?



Examples of Questions

❖ Operations:

- Clarify that health and safety plan may be incorporated into TSMS
- Clarify that frequency and methodology of towing gear checks may be outlined in TSMS
- How do requirements for wearing of work vests impact work vest exemption in Policy Letter 10-06?

❖ Machinery & Electrical/Construction & Arrangement:

- Clarify that only new installations of equipment regulated under Parts 143 or 144 will trigger application of requirements for new vessels



Questions & Discussion

Coast Guard Issue Resolution Process and Status



Issue Resolution Process



- Spreadsheet of 175 Issues
 - ❖ August 31, 2016 availability on NCOE site!
 - ❖ 1/3rd are high priority: expected completion date
- Towing Policy Council (TowPoCo)
 - ❖ Meeting 2x per week
 - ❖ HQ, Area, District representatives
- Towing Safety Advisory Council (TSAC)
- AWO
- Federal Register



Issue: Major Conversions

- Major conversion (MCON) determinations
 - ❖ Rely on NVIC 10-81 as primary guidance
 - ❖ Case-by-case basis by Marine Safety Center
 - ❖ Repowering not normally considered MCON when done solely for:
 - Upgrades to achieve better fuel efficiency
 - Use of alternative fuels
 - Environmental compliance requirements



Issue: Person-In-Charge (PIC)

- PIC for fuel transfers on towing vessels
 - ❖ Uninspected vessels can use Letter of Designation (LOD) for PIC (no MMC required)
 - ❖ Inspected vessels require credentialed PICs
 - ❖ Goal: Allow current personnel using LOD to continue to be PIC w/ an appropriate credential
 - Policy Letter forthcoming outlining path forward
 - Rulemaking may be needed for long-term solution



Issue Resolution Process



Issue submission

- Primary CG contact: Towing Vessel NCOE
 - ❖ Web: <https://www.uscg.mil/hq/cg5/TVNCOE/>
 - ❖ FAQ submission: Webpage with existing FAQs and a form to submit your questions.
- Towing Safety Advisory Committee (TSAC)
 - ❖ Task Statement 16-01 dealing with Sub M implementation & associated working group
 - ❖ www.uscg.mil/hq/cg5/cg522/cg5221/tsac.asp

Questions & Discussion

Implementation Policy Status and Process for Industry Review

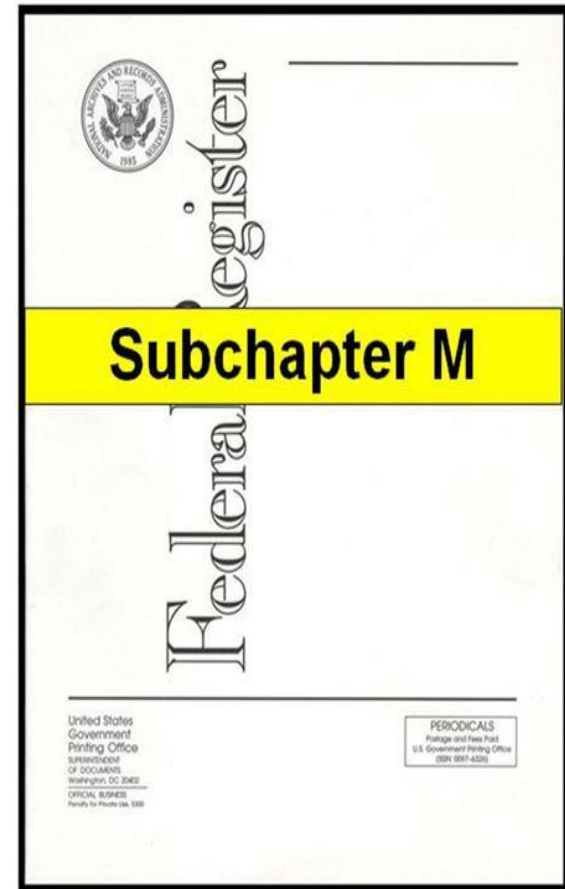


Incentivizing TSMS



TSMS advantages:

- Reduced CG time at COI issuance.
- No annual CG inspection.
- No DD or ISE attendance.
- Flexibility to survey over 1 year.
- Permits to proceed.
- More than 25% at Year 2.





Incentivizing TSMS



Regulations provide:

Minimum requirements, and Standards for compliance.

Policy can clarify a number of items within a set of regulations:

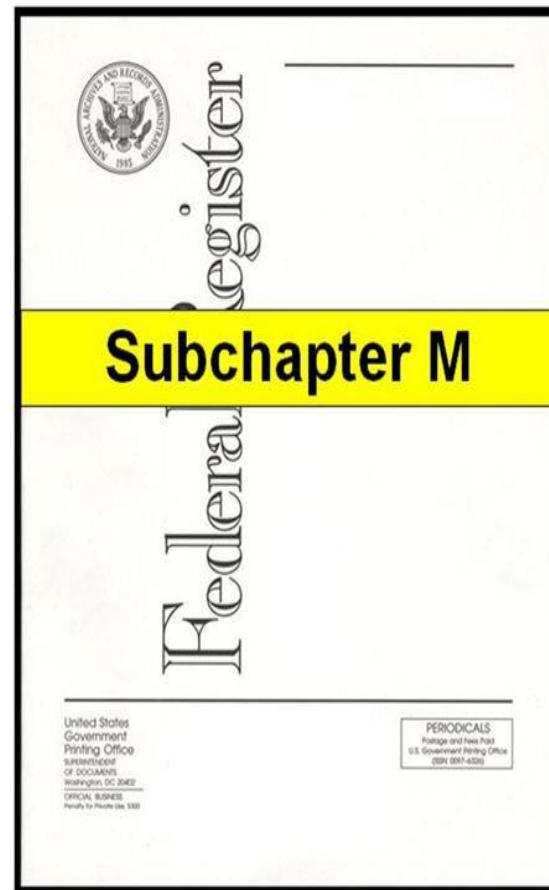
Applicability;

Terminology;

Potential equivalencies; and

Roles and responsibilities for certain functions.

- ❖ In this case, TPO-related items;
- ❖ Hull examination dates; and
- ❖ Replacement-in-kind





Implementation Policy



For Sub M specifically, our “order of march” is as follows:

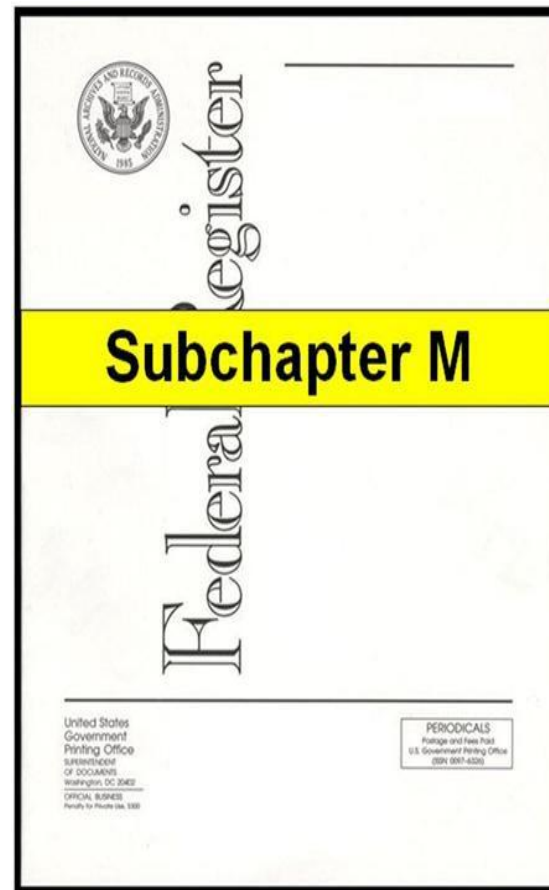
- TPO Guidance;
- TSMS Guidance;
- Overall Compliance Guidance; and
- Other guidance as needed.

The primary policy instrument will be:

Navigation and Inspection Circular (NVIC) with policy letters used on an Interim basis as needed.

Questions can be submitted at any time

Plan is to provide a public comment period.
FAQ’s will be posted as needed but are separate from policy.



Next Steps for AWO

- Close, ongoing dialogue with Coast Guard Subchapter M Implementation Team
- Coordination with TSAC Subchapter M Implementation Subcommittee
 - Review draft implementation policy and guidance
 - August 23 conference call to discuss Marine Safety Manual revisions and PIC-fuel transfer issue
 - Establish regular Coast Guard-industry forum for resolving implementation issues, raising new questions and concerns



Questions & Discussion

RCP Acceptance as a TSMS

Good News

- ❖ Shared Coast Guard/AWO goal: acceptance ASAP
- ❖ RCP Standards Board/Coast Guard assessment: nothing in Subchapter M to complicate prompt acceptance of RCP as TSMS



RCP Standards Board Recommendations

- ❖ Submit RCP for acceptance as ISM-equivalent TSMS
 - Sunset prescriptive RCP requirements superseded by Subchapter M as of July 20, 2018
 - Maintain requirements that continue to exceed regulatory minimums
 - Revise Addenda as needed to reflect Subchapter M impacts on processes
 - Provide Subchapter M compliance guidance to members
- ❖ Consistent with 2011 recommendations of Future of AWO Safety Leadership Task Force and RCP 21 Working Group



RCP Auditing Options

- ❖ AWO goal: large, geographically dispersed pool of well-qualified, well-trained RCP/TSMS auditors overseen by Coast Guard-approved TPOs
- ❖ Class societies and alternatives needed
- ❖ TVIB:
 - TVIB-certified auditors conduct RCP audits per 2013 agreement with AWO
 - TVIB seeking Coast Guard approval as TPO with AWO support
- ❖ ClassNK:
 - 2016 agreement with AWO to conduct RCP audits
 - Coast Guard-approved TPO
- ❖ ABS:
 - Agreement with AWO under development
 - Coast Guard-approved TPO



Questions & Discussion

Questions for You

- ❖ Additional questions, concerns or policy guidance needed?
- ❖ What specific topics would you like to receive more information on?
- ❖ How can AWO most effectively communicate with members and reach non-members?



Near-Term Priorities and Next Steps

Near-Term Priorities

- ❖ RCP acceptance as TSMS
- ❖ Support for TVIB approval as TPO
- ❖ Effective coordination with TSAC
 - Timely review of draft implementation policy
- ❖ Frequent, ongoing dialogue with Coast Guard Subchapter M Implementation Team
 - Prioritized approach to answering questions and resolving concerns
- ❖ Industry education and compliance assistance



Jennifer Carpenter

jcarpenter@americanwaterways.com

Caitlyn Stewart

cstewart@americanwaterways.com