

G.4. Accumulation Limits

Decisions Made

- Have Accumulation Limits
- No Grandfather Clause

Decisions Open

- Percent by Species
- Vessel Usage Limits (QP) and/or Control Limits (QS/QP)
- Exceptions (e.g. communities)

Other Issues of Possible Concern

- Disposition of QS in excess of control limits, on initial allocation
 - redistribution or divestment
- Disposition of excess QS with OY changes
 - applies only to
 - aggregate nonwhiting control limit

Decide

- Species and percentages for vessel and control limits
 - Species
 - Target species
 - Overfished species
 - Whiting (shoreside and mothership)
 - Halibut IBQ
 - Adjust policy for vessel usage limits above control limits
 - Special situation limits (e.g. communities)
- Disposition of excess QS

New GAC Options

- Control Limits Based on 90th Percentile
 - single permit/vessel owner able to perform at 90th percentile level of the recent fleet without buying QP from someone else.
 - less accommodation for entities owning multiple vessels.
 - doubling for vessel usage limits means vessels able to perform at greater than 90th percentile but through external QP sources

Control Limits (QS/QP)	Vessel Usage Limits (QP)
Existing Option 1: Key species used max avg share, nonbuyback permits (1994-2003)	2 x control limit options
Existing Option 2: 1.5 x Option 1.	
GAC Option 1: 90 th percentile permit performance (1994-2003) (Exclude Overfished)	
GAC Option 2: 90 th percentile permit performance (2004-2006) (Exclude Overfished)	

GAC Control Limit Options Do Better than 90th Percentile

- 90th percentile based on **vessel landings** implies more when applied to allocation
- Example Based on Northern Slope Rockfish
- | | |
|--|----------|
| Trawl sector harvest | = 200 mt |
| 90 th percentile harvest | = 4 mt |
| Percent for control limit (4/200) | = 2.0% |
| Trawl sector allocation. | = 800 mt |
| 2% of allocation | = 16 mt |
| • (or 2% of allocation is same as 8% of recent trawl landings) | |

Comparing New GAC Options to Existing Options (Table 3)

- New GAC Options, more restrictive than existing options.
- New GAC Option 1 (1994-2003), more restrictive than Option 2 (2004-2006)

General Pattern in Results (Existing and GAC Options)

- Vessel limit options generally accommodate **individual vessel** activity.
- Control limit options are substantially less accommodating of **individual vessel** activity, QP must be purchased.
- Control limit options when compared to **entity** activities and allocations are even more restrictive.

Overfished Species

- Vessel usage limits –
 - little good incentive to accumulate excessive amounts on a vessel (incentive is to avoid catch and not use)
 - need to cover high bycatch events
- Control limits –
 - Might consider setting in relation to needs for accessing to target species control limits.
 - Difficult because of many different strategies in which some overfished species are taken.
- But also, don't set too high or too low.
 - too high: too much control – choke points
 - too low: market may not function well

Other Individual Species to Address

- Shoreside Whiting
- Mothership Whiting
- Pacific halibut

Shoreside Whiting

	Vessel	Control
Option 1 (GAC)	15.0	10.0
Option 2	22.5	15.0
Option 3	37.5	25.0

Historic stats and allocations.	Vessel/Processor
Max percent of landings 1994-2003	9.1%
2004-2006	7.3%
Max allocation (w/ 80/20 split)	8.6%

Mothership Whiting

- Control limit option not selected in November.
- Vessel usage limits were not a feature of the package.

Mothership Control Options

- Control stated in terms of amount of history represented by permits owned.
- Existing control options
 - Option 1: 10%
 - Option 2: 15% (GAC Recommendation)
 - Option 3: 25%
 - Option 4: the amount of the largest current owner (no grandfather clause)
- Measurement of control. Same rules as for IFQs, i.e. individual and collective rule?

Mothership Whiting Data

- GAC Recommends 15% control limit

Historic stats and allocations.	Vessel/Processor
90 th percentile landings 1994-2003	11.3%
2004-2006	16.4%
Max percent of landings 1994-2003	18.5%
2004-2006	28.9%
Max allocation to permit	9.4%

Maximum allocation to an entity is same as for a permit.

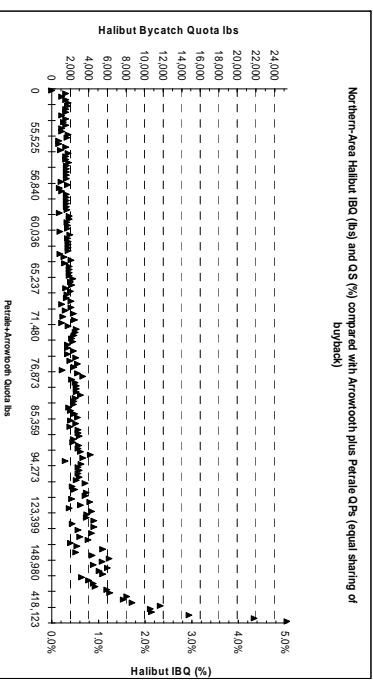
Halibut IBQ

- Accumulation limits have not been addressed.
 - Vessels Limits
 - little good incentive to accumulate excessive amounts on a vessel (incentive is to avoid catch and not use)
 - Control Limits
 - Look at initial allocations of IBQ
 - Initial IBQ allocations proportional to Petrale and arrowtooth
 - Consider developing halibut IBQ control limits in relation to the range of control limits for these species.
 - Petrale (e.g. 3%) and arrowtooth (e.g. 10%)

Inconsistency to Resolve

- QS and QP count against the control limits
- Vessel usage limits higher than control (ownership) limits
- Vessel cannot put QP into its account to achieve higher vessel limit without the vessel owner violating control limits.

Initial Allocation of IBQ Compared to Target Species (2006 fisheries)



Counting QP Against Control Limits Rationale and Implication

- Proposed as a way to make it more difficult to circumvent control limits.
 - Concern: An entity owning multiple vessels might indirectly control QS held by others (violating control limits) and each year transfer the QP to its vessels.
- Counting QP against control limits would prevent
 - Likely require them to divest themselves of vessels (no way to put QP on vessels without exceeding control limits)

Resolution to Inconsistency

1. Leave the way it is (QS and QP count against control) and set vessel and control limits the same.
2. Don't count QP in vessel QP accounts against control limits.
Leaves the vessel limit as a backstop.
People could buy up to the control limit, or if they had a vessel, up to the vessel limit, but not more.
3. Don't count any QP against control limits. (GAC Recommendation)
No limit on amount of QP an entity might buy up (e.g. purchasing large amounts at start of year).

Resolution

- Require those pushed over aggregate limit to divest.
- Allow those pushed over the limit to retain (grandfather in their holdings).
- Change the rules for calculation.
 - Do not change the weighting with changes in OY
 - Weight all QS equally. (1% Dover sole same as 1% Pacific cod)

Disposition of Excess from Changes in OY

- Changes in OY
 - will not change person's position relative to individual species limits.
 - can cause someone to go over their aggregate nonwhiting limit.
- Calculation of aggregate average weights each species by the pounds represented by the QS.

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